



The Round-Up: February 13th 2007

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[The return of \\$30 oil?](#)

Oil could fall to \$40 (U.S.) a barrel or even as low as \$30 as speculative investors sell their positions and spare production capacity increases, according to a research report published Monday by Sanford C. Bernstein & Co., an independent analysis firm.

The price of crude spiked higher in 2004 as demand from China surged at the same time the key cushion of spare capacity evaporated. As the commodity jumped, billions of dollars from speculative investors piled in, buying futures contracts on the New York Mercantile Exchange, helping push oil to almost \$80 a barrel last year.

"We believe such speculative activity created perhaps the biggest artificial distortion of a market since the technology bubble of the late 1990s," analyst Ben Dell of New York-based Sanford said in a 67-page report entitled: "Energy investing: Beware the Ides of March."

"Timing when the good times will be over is difficult but we fear that the collapse could be dramatic."

[Time to begin 'adapting' to climate change?](#)

At least in the developed world, the idea that people should start figuring out how to deal with the projected effects of warming – changing temperature and rainfall, shifts in growing seasons, more bouts of severe weather, and rising sea levels – has been overshadowed by calls to reduce carbon-dioxide emissions. Some environmentalists have viewed adaptation either as a white flag on the issue or as a refuge of contrarians who pooh-pooh the broad consensus that human activity is warming the climate.

But last week's release of a report on the science of global warming – with its projections of warming based on emissions already in the air, as well as on potential future emissions trends – has helped underscore the need. "Climate change is here and now," notes Ian Noble, a senior climate-change specialist at the World Bank. "We have to adapt."

['Managing' environmental collapse](#)

Popularized by Jane Jacobs, Jared Diamond and Thomas Homer-Dixon, adherents of managed collapse argue that the complexity of modern, urban societies is our collective Achilles heel.

Pull one too many threads out of the tapestry of interlocking systems, institutions and social networks that support our established way of life and it will quickly start to unravel.

Specifically, the twin effects of energy scarcity and rapid climate change - factors in history that most often trigger societal collapse - threaten to overwhelm our fragile and co-dependent systems (global food distribution, international financial institutions, disease eradication, etc.).

For believers in managed collapse, smart societies not only cut greenhouse gases they actively reduce the complexity of their social systems and institutions in anticipation of a more globally disconnected and lower-energy future.

While it's easy to dismiss such dire predictions as parodies of Planet of the Apes, the central idea of managed collapse - that coping with climate change could mean revamping institutions and practices that we currently think have nothing to do with the environment - is worthy of serious consideration.

[An interview with Thomas Homer-Dixon: Is a crash inevitable?](#)

Q: So you're saying, let's be realistic and not afraid to talk about breakdown. If an intervention is needed -- if things are that bad or about to become that bad -- we've got to be able to deal with it and not be disempowered.

A: We need to start thinking now about what we're going to do in those occasions.

There will be times of frustration and fear and anger on the part of many people when fundamental verities and patterns of life are suddenly challenged. They'll be scared. And in those moments, extremists can take advantage of the situation and push our societies in directions that are very bad. Those of us who are nonextremists need to be prepared to push in other directions and create something that's good.

[BC: More aggressive green plan expected from province](#)

Premier Gordon Campbell plans to launch a major "green initiative" next week that will follow much of the script that Gov. Arnold Schwarzenegger has laid down in California to combat global warming.

The B.C. Liberal government, which has taken heat from environmental groups and the New Democratic Party for being too slow to take on climate change, plans to unveil a strategy in Tuesday's throne speech that, for the first time, will support the idea of emission targets for greenhouse gases....

...."I think we've clearly established that voluntary activities don't particularly work," he said. "We have to set a level playing field for everyone."

[Glacial strip show](#)

In a bittersweet upside to climate change, freshly exposed ground across B.C. is begging to be explored for minerals as glaciers and ice packs wither away.

The glacial strip show under way for centuries has accelerated as temperatures have climbed, Weaver says. Shrinking glaciers get dirtier, darker and absorb more heat, causing them to recede even faster.

[Environment minister battles MP over carbon tax](#)

Environment Minister John Baird rejected a carbon tax on large industrial polluters to fight climate change on Thursday as he testified at a special Commons committee studying the minority Conservative governments clean air legislation.

[Environment minister shows no sign of compromise on Kyoto Protocol](#)

Environment Minister John Baird has put the chill on any notion that the government might embrace the Kyoto Protocol as part of its effort to win over green voters.

Baird dismissed the Kyoto targets with more finality than his predecessor Rona Ambrose ever did during a tempestuous committee appearance Thursday.

Canadians do not want empty promises on a plan that we cannot achieve and they do not want our country to face economic collapse, he told a Commons committee studying the troubled Clean Air Act.

Baird categorically ruled out participation in Kyoto's emissions-trading system, unlike Ambrose who said she would support international trading if environmental benefits could be verified.

Let me be clear there are some principles that guide this government, he said. We will not spend taxpayers dollars to buy international hot air credits just to meet our Kyoto targets.

Bairds hard line seems to leave little room for salvaging the Clean Air Act, since all three opposition parties have said they will not support the bill unless it reaffirms Canadas Kyoto commitments.

[Federal power struggle brewing over opposition Kyoto bill](#)

The Conservative government was accused of preparing a quasi "coup d'etat" after suggesting Friday it might ignore an upcoming Commons vote to respect the Kyoto accord.

The Tories dismissed as insignificant a Liberal bill that would require them to table a plan within 60 days explaining how they would meet Canada's commitments under the

climate-change treaty.

The bill is slated for a final vote in the House of Commons next Wednesday, having easily sailed through an earlier vote with the support of all three opposition parties. Some constitutional experts said the government has a democratic obligation to follow laws adopted by Parliament and could face lawsuits if it fails to comply.

The Liberal who authored the bill said ignoring it would amount to a "coup d'etat" and would trigger a constitutional crisis — but the government discarded such suggestions.

[Canadian Oil Industry Fears Possible Tax Increase, Enviro Controls](#)

Canada's oil companies are preparing themselves for possible tax increases and environmental controls from a Conservative government under pressure to enforce tougher policies on the industry, according to a letter obtained by the Toronto Globe and Mail.

In a letter to Indian Affairs Minister Jim Prentice, Canadian Association of Petroleum Producers chairwoman Kathleen Sendell addressed criticisms that the oil sands industry is unfairly subsidized and can afford tax increases, calling the industry "a major driver of the Canadian economy."

[Canada Calculating Costs of Environment Plan, Flaherty Says](#)

Canada's Conservative Party government is working "diligently" to calculate the economic impact of any new rules to curb greenhouse-gas emissions from the nation's industrial emitters such as energy and automobile companies, Finance Minister Jim Flaherty said.

"We're calculating the economic impacts of various types of steps that could be taken," Flaherty said in an interview in Essen, Germany, where he was attending a meeting of finance ministers from the Group of Seven industrialized nations. "We are looking at some of the basic industries in Canada that are the most sensitive in this area, including the oil and gas industry and automotive sector."

[Who's Funding Global Warming?](#)

Some say the impetus is on the government to regulate GHG emissions; others put the responsibility on utility companies. But organizations like Rainforest Action Network (RAN) believe that banks that fund polluting projects like TXU also need to be held accountable.

The recent action by Billionaires for Coal in New York begs the question: What is the role of the global finance industry when it comes to climate change? It also highlights the ripple effect of global warming -- more coal plants in Texas will be everyone's problem - including Wall Street's.

['Short-termism' hurts Canada's pension plans: report](#)

Canada's pension plans should be forced to consider environmental and social issues when they make investments, and to disclose to the public exactly how that information has influenced their decision-making, a government-appointed committee has recommended.

The National Round Table on the Environment and the Economy — a body made up of two dozen business leaders, academics and former politicians — released a report Monday saying that pension plans are currently obsessed with “short-termism” and ignore important non-financial risk factors when investing.

[Leading Climate Change and Energy Experts Map Out Greenhouse Gas Reduction Plan For Canada](#)

An assembly of leading Canadian experts on sustainable development, energy and global warming is calling for aggressive government action on climate change.

Panelists in the Developing Sustainable Energy Policy Workshop produced a series of recommendations to get Canada on the fast track to greenhouse gas (GHG) reductions. The recommendations include tax measures to spur technology commercialization and public education initiatives on conservation and demand management. The policy options are outlined in a report unveiled today by the Lawrence National Centre for Policy and Management, part of the Richard Ivey School of Business at the University of Western Ontario.

"The time for cautious, modest steps is over," said workshop chair Dianne Cunningham, Director of the Lawrence Centre. "Mounting evidence of rapid global warming signals the need for Canada to embark on a visionary and bold path marked by clear, understandable and measurable milestones."

[Piping the problem underground](#)

The squat shed in the middle of a Prairie field would be unremarkable if not for the fact that it is surrounded chain-link fence, barbed wire and danger signs warning of CO₂ under immense pressure.

Here, at the intersection of two pipelines about 70 kilometres north of the border, oil giant EnCana Corp. takes delivery of a stream of pure carbon dioxide from an American supplier -- then injects it more than 1,500 metres underground to stimulate the production of crude.

This enhanced oil-recovery project is paying off. Production has jumped to 30,000 from 10,000 barrels a day and has extended the reservoir's life by decades.

But it's not oil-field economics that has attracted scientists, energy companies, government officials and media from around the world to southern Saskatchewan.

The Weyburn site is billed as the world's largest demonstration of a promising technique

called geological sequestration -- a method of preventing greenhouse gases such as carbon dioxide from entering the atmosphere and wreaking havoc with the environment.

[CO2 being pushed deep into the oceans](#)

While this may soak up some of the CO₂ that would otherwise warm the atmosphere, the flipside is that the new findings give further evidence that human activities are rapidly changing the chemistry of the deep oceans.

"There is a depth in the ocean above which calcium carbonate shells don't dissolve, and below which they do," says Wallace. The findings suggest that the CO₂ pumped into the oceans has pushed up this boundary by 400 m, compared to its level before the industrial age. And the researchers predict that it will be 700 m shallower by 2050 if CO₂ emissions continue their fast growth....

...The scientist who first coined the phrase "ocean acidification", Ken Caldeira, at the Carnegie Institution, California, US, says the extent to which the rising boundary will affect deep-sea corals and shelled organisms remains uncertain. "But when human activities start impacting remote parts of planet, it's a wake-up call that we are interfering in our planet's functioning on a very large scale," he says.

[Dangerous fungus thrives on West Coast](#)

A tropical and potentially lethal fungus that has mysteriously made a home on Canada's temperate West Coast has prompted foreign medical experts to issue a worldwide alert to doctors and tourists.

The warning comes after a 51-year-old Danish visitor contracted the rare and life-threatening fungal infection on Vancouver Island. In the January issue of the *Journal of Emerging Infectious Diseases*, published monthly by the U.S. Centers for Disease Control and Prevention, doctors in Denmark — who eventually found clumps of the fungus growing in the man's chest — have cited the island as a potential health risk to travellers.

Cryptococcus gattii, a microscopic pathogen normally found in tropical or subtropical locales in Australia, Africa, India or South America — was first identified on Vancouver Island in 2001. Many suspect that global warming has recently enabled the one-celled organism to thrive in the trees, soil, water and air along the island's east coast.

While chances of contracting *C. gattii* remain low, the airborne cells and spores can lodge deep in the lungs, leading to pneumonia. The fungus can also attack the central nervous system and result in meningitis. As of December, 2006, 165 people had been infected and eight have died.

[An island of natural airborne killers](#)

Where has it come from? It was supposed to be a native of the tropics and subtropics, at

home in Australia's wilderness or the jungles of Papua New Guinea. No medical book had ever described its presence north of California. Some guessed it came to B.C. by way of an imported eucalyptus tree, or blew in on the warm Pacific wind of the Pineapple Express. Whatever it was, health authorities initially took the outbreak of *Cryptococcus gattii* for a blip that would quickly wither.

They were wrong. The life-threatening tropical fungus has entrenched itself on Vancouver Island's east coast, sickening humans and animals — cats, dogs, pet birds, llamas, ferrets, horses and the prized Dall's porpoise. For a pathogen never expected in this corner of the world, the *C. gattii* strain in B.C. is flourishing at a rate at least 30 times more infectious than any other on the planet.

For five years, B.C. experts, in collaboration with scientists from Australia, the United States and the Netherlands, have been investigating its surprising emergence on Vancouver Island, uncovering intriguing clues along the way. Strains similar to the one behind the B.C. outbreak have been spotted before — on trees in Brazil, in a wasp's nest in Uruguay and a sick goat in Aruba.

Still, no one can say exactly where the Vancouver Island fungus came from, or how. But what they do say is that climate change likely plays a lead role in the *C. gattii* story — that a string of mild, wet winters and warm, dry summers set the stage for its disturbing debut.

[Oil industry finds hot rock resource](#)

Major players in the oil sands, under political pressure to reduce their greenhouse gas emissions, have quietly formed an industry-wide consortium to explore using heat in the Earth's crust as a clean alternative to natural gas.

The consortium, called GeoPower in the Oil Sands, or GeoPOS, plans to drill an appraisal well to assess the heat potential of granite rock that lies 500 metres below the Earth's surface. If the required heat levels are found, an "enhanced geothermal system" could be built that supplies the hot water needed for extracting oil from the tarry sands a job typically performed through the burning of natural gas.

It could also deflate the nuclear industry's hope of building reactors in northern Alberta, an idea being pushed by the federal government and investigated by Husky Energy Inc. and France's Total SA.

[The dirty truth about biofuels](#)

There are many net energy studies of biofuels, particularly ethanol, which give a wide range of values. The main problem is that net energy studies are easily influenced by biases. The researcher must choose the energy inputs and outputs and the values to assign to these various inputs and outputs. There is no clear standard. However, in a survey of a large sampling of ethanol studies, the authors found that the average of all these studies taken together showed a net energy loss of 8%. Throwing out the three highest and three lowest outliers cut this loss to 2%.

[Maine, NB cooperate on electricity](#)

Maine Governor John Baldacci and New Brunswick Premier Shawn Graham signed a memorandum of understanding on Friday to explore increased co-operation between the state and the province on electricity distribution.

Gov. Baldacci noted that both Maine and New Brunswick produce surplus electricity much of it coming from environmentally friendly sources like wind energy. Maine has also been looking at alternatives to an agreement covering New England states that the Maine Public Utilities Commission believes will cost Maine residents US\$616 million over the next five years. As a result, Maine has begun to look at alternative energy sources to ensure Maine residents are not subsidizing excessive energy consumption in other states.

The memorandum commits the two jurisdictions to explore over the next two years options on establishing a common market for electricity, improvements to transmission facilities and interconnections and generally to examine areas of co-operation on electricity generation and distribution. While both jurisdictions produce more power than is consumed in the jurisdictions, both have peak demand times when power must be imported.

[If the Greens can't win a seat now...](#)

The conditions for a perfect storm now exist to send a Green wave rolling into Ottawa. If they can't do it now, the movement is a non-starter.

May seems to agree.

"Our moment has arrived. We have to win seats in the next election," she says.

[NDP says green investments key to economic prosperity](#)

Speaking to a lunchtime crowd of economists, Layton dismissed suggestions Canada's economy is booming, arguing most of the wealth is concentrated in the oil patch and financial institutions.

"It's time for Canadians really to dream big again, not only for their families, but for their country," Layton told the Ottawa Economics Association. "Just think of it. We could build a green and prosperous Canada, where no one is left behind. That's what the economy should be all about."

[Let foreigners in, OECD says](#)

Several reforms are needed if Canada wants to close the gap with the U.S. when it comes to per capita gross domestic product growth, said the Organization for Economic Co-operation and Development in its annual Going for Growth report.

Easing foreign ownership rules is one of the suggested steps. The recommendation comes amid predictions that Canada will be one of the world's hottest markets for cross-border mergers and acquisitions this year as the country's energy reserves and manufacturing industry attract buyers.

[World oil supply is quickly depleting](#)

Francis Fukuyama would have us sleepwalk into the future, oblivious to the looming depletion of the Earth's fossil-fuel resources and unprepared for the upheavals that will follow.

Rather than be optimistic because "the global economy has been driving ahead full steam," that "the most populous countries, India and China, have been growing in recent years at nearly 9 per cent and 10 per cent, respectively" and East Asia "has returned to its torrid pace of development," we should be alarmed because everything in the industrial economy boom he describes is either made, transported or carried on with petroleum products and that oil is a non-renewable resource.

[Scientists stir up gas-in-water debate](#)

"The concern is if anything contaminates an aquifer," she said. "In a rural area our water well is the heart of our operation," supporting people and livestock alike. "If anything happens to the well, it's a crisis of major proportions."

As one of more than 60 "synergy groups," or community participation leagues funded by the AEUB and industry to work with all concerned on making energy development publicly acceptable, Butte specializes in water issues across Alberta.

The citizen watchdog group is aware methane occurs naturally in water wells, Winter said. But geological science has yet to prove conclusively that all water wells are immune to contamination from forces unleashed by drilling into coal layers and "fracking" or fracturing them into flowing gas, she added.

"I call coalbed methane a juvenile delinquent," Winter said. "Once it's released it will follow any path of least resistance wherever it wants to go."

[Water Rights for Sale in Alberta](#)

By setting into motion the buying and selling of water licenses, eventually this is headed for a situation where farmers will all be squeezed out due to the "natural inclinations of the dollar". By portraying this move to sell licenses as a boon to the little struggling farmer (a logic similar to "cut them off welfare and you'll help them find a job") one misses the main point: The rising demand on this water will leave no aquifers available for agriculture. The tarsands, all of whose final production goes straight to the US (and would remain so even after the suicidal plan to quintuple production), uses five litres of the world's remaining fresh water to produce one litre of petroleum (and a bucket of useless poison muck).

[Smoking out the world's lungs](#)

"From the drainage of its peatlands alone," he told me, "Indonesia is producing 632 million tonnes of carbon dioxide a year.

"But from its annual forest fires, it produces another 1,400 million tonnes. That's a total of 2,000 million tonnes of carbon dioxide a year. The Netherlands emits 80 million."

Indonesia's annual forest fires are a major problem, and have been increasing over recent years.

Sometimes they are caused by companies wanting a fast, cheap way of clearing the land for planting.

Sometimes, though, it is local villagers, eking out a living from small patches of land hewn out of the forest.

[Cut in gasoline use is decades away: Automakers](#)

It will be decades before the world will see a significant cut in global automotive gasoline consumption, automakers and analysts said.

While there have been major improvements in fuel economy and reduced emissions through the development of technologies such as hybrids and clean diesel, consumers are not adopting them quickly enough to make a serious dent.

[G-7 recommends vigilance on hedge funds](#)

The finance ministers and central bankers called for more vigilance toward hedge funds but maintaining a conciliatory approach, and said energy efficiency and diversification -- particularly renewable forms -- remains a priority.

Germany has made dealing with hedge funds a priority for its EU and G-8 presidencies this year given their rising influence over companies. Finance Minister Peer Steinbrueck has said the country wants G-7 nations and EU countries to try to pre-empt any risks that speculative hedge funds may pose to the global financial system.

Hedge funds -- high-risk, largely unregulated and secretive investment pools -- have traditionally been the investment domain of the wealthy but have become popular with pension funds, life insurance companies and small investors looking for high returns.

The statement said the group will talk with the private sector and hedge fund operators and would ask the Financial Stability Forum, a gathering of financial ministers, regulators, institutions and others, to reassess the impact of hedge funds on global markets.

[HSBC fires US executives as it works to get Household in order](#)

"Embarrassing", "catastrophic" and "disastrous" as not words one usually associates with HSBC. But they were being thrown around with wild abandon yesterday as the market woke up to the first profits warning in the 167-year history of Britain's biggest and most prestigious banking group.

The first came from the mouth of an HSBC spokesman; the latter two were used by analysts to describe a truly horrific trading statement in which the company was forced to admit it had got its figures on non-performing loans - bad debts - badly wrong.

While the market had expected provisions of about \$8.8bn (£4.5bn) to cover these, the bank was forced to admit it will need to set aside nearer \$10.6bn. The reason? The US sub-prime lender, Household.

Everyone knew there was a problem with the business, which offers mortgages and other loans to people whose poor credit histories mean they are shunned by mainstream lenders.

The company was forced to admit in December that it was grappling with difficulties at the operation, bought for \$15bn in 2003. Some clients were defaulting on second mortgages within just six months of taking them out.



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