



The Bullroarer - Saturday 19 April 2008

Posted by [Big Gav](#) on April 19, 2008 - 9:28am in [The Oil Drum: Australia/New Zealand](#)

Topic: [Miscellaneous](#)

John Quiggin - [Guest Post From John Mashey](#)

We will certainly hit Peak Oil within the next decade, and Peak Gas within another two after that. Why does this matter? Neoclassical economics doesn't *seem* to think energy is very important, but for various reasons[* below], that just doesn't feel right to me.

I've been studying work by Charlie Hall at SUNY, and Robert Ayres+Benjamin Warr at INSEAD, and Vaclav Smil. These folks' models make sense to me, and they are very, very scary, just on energy alone. These folks think that the biggest single contributor to economic growth is energy (or really, work = energy * efficiency). They argue that energy is way more important to GDP growth than the 5% quoted here and commonly elsewhere, and Ayres&Warr have done a lot to quantify how much, i.e., getting rid of the "Solow residual".

Most of our energy comes from fossil fuels and fossil fuels are headed into Peak Oil and Gas. If we burn more coal to make up for it, we almost guarantee melting Greenland and other bad things within a few centuries, leaving later people to fend for themselves, building dikes and sea-walls ... with no petroleum. No amount of Internet bandwidth or cheap Terabyte iPods will compensate for not having diesel fuel when you need it, i.e., such goods are not substitutable.

See Kharecha & Hansen reference: we don't run out of fossil fuels "fast enough" to be safe.

SMH - [Carbon bank pushed at 2020 summit](#)

An independent carbon bank not unlike the Reserve Bank of Australia was among ideas offered to tackle climate change in the 2020 summit's environment stream. Participants focusing on global warming said the bank would be part of a national climate strategy which also included flagship clean energy projects, an independent climate information trust and a dedicated education program.

Two of the four groups in the environment stream backed a concept which came out of last weekend's Youth Summit of having public transport close to all city residents. "All people in cities by 2020 should be living no further than 800 metres from a public transportation hub," population expert Bernard Salt said of his group's consensus. "We also said that hopefully all homes and buildings will be carbon neutral by 2020."

The Australian - [Labour shortage to delay LNG projects](#)

MORE than \$US100 billion (\$108 billion) of liquefied natural gas projects in Australia, Papua New Guinea and the Timor Sea are planned over the next decade, but a severe labour shortage and surging costs mean many projects will not go to schedule, keeping global supply tight. There are plans for 17 new projects and if all go ahead, LNG output from the region will surge sevenfold within 10 years to 117 million tonnes a year -- the energy equivalent of 2.85 million barrels a day of oil or a third of Saudi Arabia's 2007 oil output. But there's scant chance of this due to surging material costs and a boom-driven labour scarcity in Western Australia. Last week BHP Billiton Petroleum chief executive Michael Yeager said the problem was the worst in the world, aside from Alberta's oil sand fields.

The Australian - [Emissions threaten gasfield viability](#)

A looming carbon trading scheme has some of Australia's biggest liquefied natural gas developers on edge, as fears grow that the new impost may stifle billions of dollars worth of projects and benefit other LNG competitors in the region.

US oil giant Chevron this week echoed Australian rival Woodside Petroleum's calls for the new Rudd Labor Government to make sure its planned scheme, due to come on stream in 2010, does not disadvantage local LNG projects against those in Asia, Africa and the Middle East. "An emissions trading scheme must be flexible and economically efficient, and must not negatively affect the international competitiveness of our LNG projects," a Perth-based Chevron spokeswoman said. Chevron plans to operate the proposed Greater Gorgon and Wheatstone LNG projects off Western Australia's coast.

Despite LNG -- which is gas cooled to liquid state so it can be exported in ships -- emitting less greenhouse gas than coal and oil when used as fuel, many gasfields are contaminated with carbon dioxide, particularly Gorgon and Woodside's planned Browse Basin. The plants can also be big carbon dioxide emitters.

SMH - [Cyclones Hit Woodside Output](#)

Oil and gas producer Woodside Petroleum said first-quarter output fell 4% from a year earlier due to the impact of cyclones, maintenance of some fields and the sale of assets. Quarterly output of 17.2 million barrels of oil equivalent (boe) also fell 4% on the previous quarter.

The Australian - [\\$5b spend to double C&A coal output](#)

COAL & Allied, which is majority-owned by Rio Tinto, has flagged spending \$5 billion on new projects during the next seven years to double the company's annual coal output. Chairman Chris Renwick said yesterday that the company envisaged doubling its annual

coal output to 58 million tonnes by 2015.

The Australian - [Too much petrol sniffing in Canberra](#)

CHRIS Bowen's national fuel watch program is designed to protect the Government's backside with minimal obvious consumer benefits and increased compliance costs for all concerned. Why then, one might ask, is the Government proceeding down a regulatory path with such little upside? The answer, in short, is that it provides a perfect political solution -- a scheme to show the Government is doing something when, in reality, it is not. Unfortunately, it is arguably even worse, because the scheme as presently drafted destroys competition.

SMH - [E.ON 'looking at Babcock windfarms'](#)

E.ON AG, the world's largest utility, is looking at windfarms worth as much as four billion euros (\$A6.8 billion) which Australian investment company Babcock & Brown is seeking to sell, Capital magazine said on its website, citing an E.ON manager.

SMH - [Petsec March quarter production up 28%](#)

Mid tier oil and gas company Petsec Energy Ltd has substantially lifted production during the March quarter but has conservatively tipped a less buoyant result for the balance of this financial year. Production for the three months to March 2008 totalled 4.4 billion cubic feet equivalent (Bcfe), up 28 per cent on the previous quarter.

The Australian - [Gasfield producers merge in \\$75m deal](#)

DRILLSEARCH Energy and Great Artesian Oil and Gas plan to merge to create a \$75million oil and gas explorer and producer.

SMH - [Silt spills as NSW desal project begins](#)

Large amounts of silt have washed into Botany Bay only two days after the first pipe was laid for the NSW government's controversial desalination plant at Kurnell, in Sydney's south.

SMH - [An ill wind blows](#)

Using "pure farming" methods inspired by the Shinto religion, Shigeki Sano knows how to grow a great organic daikon radish beside the Lachlan River at Cowra. And he knows

enough English to declare "no good" when asked about genetically modified canola. NSW farmers are about to change agriculture forever by growing Australia's first commercial genetically modified food crop, an event made possible by Sano's neighbouring farmer, the former Nationals MP Ian Armstrong.

After retiring as the MP for Lachlan at the last state election, Armstrong was hired by the Iemma Government to head a panel that reviewed the NSW moratorium on growing GM canola - a crop already cleared as safe for humans and the environment by the Federal Government's Office of the Gene Technology Regulator. The panel recommended the moratorium be lifted, saying GM canola could be grown without harming organic farmers.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](http://creativecommons.org/licenses/by-sa/3.0/).