



DrumBeat: April 29, 2008

Posted by [Leanan](#) on April 29, 2008 - 9:17am

Topic: [Miscellaneous](#)

[Southern California faces higher blackout risk this summer](#)

The risk of electricity blackouts in Southern California during the hottest days this summer is more than triple that of previous years because power plant additions have failed to keep up with demand, the state's grid manager said.

The likelihood of a Stage 3 emergency, when reserves dip below 3% and power is cut to some customers to prevent a system collapse, rose to 10% for Southern California from 3% in last year's forecast, the California Independent System Operator said in a report Monday.

[In defense of oil companies](#)

It's fashionable to characterize Big Oil as greedy gougers that should have their profits taxed more heavily. Here's why that's foolish thinking.

[Analysis: Azeris seize Iran nuke material](#)

The 915 megawatt VVER-1000 PWR Bushehr reactor, costing an estimated \$1 billion to \$2 billion, has become a bone of contention for both the Bush administration and Israel, which argue a country awash in oil is using Bushehr and its enrichment program covertly to develop nuclear weapons. Tehran denies the charge, maintaining it is looking past a period when its "peak oil" exports decline. Since the beginning of the year, thinly veiled talk about a possible Israeli or U.S. strike on Iranian nuclear facilities has increased, further ratcheting up regional tensions.

[We're at the point where the desire line splits](#)

For a moment, what with climate change, peak oil prices, Iraq and the subprime thingo, it looked like all this might be at risk. Like we might have to stop building across our most fertile land. Stop belching carbon into the air. Stop cramming more and more energy consumption into each roll of the sun.

But no. All is well. God has smiled on the Ruddbus. All at once, it seems, we have been blessed with three celestial gifts. Where once was peak oil, now there is extra continental shelf the size of 10 New Zealands, ours to explore and exploit for oil and gas. Where once was a falling coal price, now is skyrocketing demand. And where once was the embarrassing, backward-looking John Howard, fibbing in public, unapologetic, denying climate change, now is the new happy-clappy, rosy-cheeked, Hillsongy, all-aboard-now Ruddbus. God has smiled. Or has he?

[Biking is way to see Amsterdam, if you survive!](#)

Amsterdam, The Netherlands - Why was I nervous to ride a bicycle in Amsterdam?

Perhaps it was the taxi driver who ferried me to the hotel upon my arrival in the city. "I thought I might rent a bike," I told him. "Not if you don't want to get killed," he replied.

[Gas prices top concerns over jobs, health](#)

WASHINGTON - Paying for gasoline easily tops the list of economic woes facing families in the United States, according to a survey on how changes in the economy have affected people's lives.

About 44 percent of survey participants said paying for gasoline was a "serious problem" for them. Across all income levels, the cost of gas was the most frequently cited economic concern. The price of gas nationally averaged \$3.60 a gallon on Monday, according to the Energy Department.

[Brazil mulls fuel price hike after 2-1/2 years](#)

RIO DE JANEIRO (Reuters) - Brazil's government will decide on a possible hike in gasoline and diesel prices on Tuesday, which would be the first raise since 2005 and a much-needed revenue boost for state oil company Petrobras.

[Australia: Oil giants announce fuel price hikes](#)

A long-weekend reprieve from fuel price rises ended for most motorists yesterday with hikes at Mobil, Caltex and Shell pumps.

The three oil majors raised their main-centre prices for 91-octane petrol to 188.9c a litre and for diesel to 156.9c, in line with record levels set by BP almost a week ago.

[Sask. might be good bet for nuke plant, TransCanada CEO says](#)

It might make more sense to build a nuclear power station in uranium-rich Saskatchewan than in Alberta, the head of TransCanada Corp. says.

Calgary-based pipeline giant TransCanada is a majority owner in Bruce Power, the company hoping to build twin nuclear reactors near Peace River in northern Alberta.

However, TransCanada CEO Hal Kvisle is raising questions about the cost of power transmission in a location that far north and says Saskatchewan may be a better bet.

[Experts call for 'feed-in tariffs' to encourage renewable energy use](#)

Engineers, trade unions, farmers and house builders today backed a campaign by Friends of the Earth and the Renewable Energy Association to introduce a "feed-in tariff" system that would improve Britain's take-up of renewable energy.

...FITs work by setting a guaranteed price for renewable electricity fed into the national grid that is above the market price. The countries which have adopted one have made big carbon savings and created thousands of new jobs. Britain, though, lags behind almost every EU country in its use of renewables, producing just 2% of its energy in this way.

[Richard Heinberg's MuseLetter #193: It's Happening](#)

There is a surreal quality to the experience of seeing the unfolding of unpleasant events that one has predicted. Plenty of times over the past few years I've said, "I want to be proven wrong!" Who in their right mind would *wish* to see economic collapse and famine? But it was obvious that, given the direction our society is headed, these must be the consequences. Now, with oil at \$117 a barrel, the US economy teetering, and food riots erupting in Haiti, Egypt, and Asia, one could perhaps gain some satisfaction in saying "I told you so." But what faint compensation that would be. We are all going to have to share the bitter fruits of our society's century-long growth binge, whether we have criticized it or participated wholeheartedly. The only silver lining is the possibility that now, at last, as the trends (Peak Oil, the failure of growth-based economics, the failure of industrial agriculture, climate chaos, and so on) are becoming so starkly clear, policy makers will begin seriously to contemplate a Plan B (or C, as Pat Murphy insists). For those of us who have been lobbying in that latter direction for some while, this is no time to let up, but rather the ideal moment to redouble our efforts.

[Michael Klare: Rising Powers, Shrinking Planet – Global Fight for Oil](#)

In the Cold War era, the two main poles of power were the Western block, with the United States as the dominant power and the Soviet block. In this new world order, I

believe it's bifurcated between energy surplus countries -- countries which have enough energy to supply their own needs and to export energy to others -- and energy deficit states, countries like the United States, China, Japan and European countries which don't have enough energy to meet their needs and are dependent on imports from other countries and therefore are beholden to them in various ways, economically and increasingly politically.

[American Airlines loses \\$3.3 million a day](#)

In the past month Arpey, 49, has dealt with picketing pilots calling for his resignation, FAA inspectors decertifying 300 aircraft, the merger of two large competitors, and \$110-a-barrel oil that contributed to a \$328 million loss for the first quarter. Since January, nearly every flight the airline has flown has lost money - analysts estimate it is losing \$3.3 million a day.

[Delta hikes airfares](#)

ATLANTA (AP) -- Travelers aren't just feeling the pinch at the gas pump, but also in the air as carriers continue to hike fares to deal with high jet fuel prices.

Delta Air Lines Inc., (DAL, Fortune 500) the nation's third-largest carrier, said Monday it raised domestic fares in most cases \$10 to \$40 per roundtrip, in the form of a fuel surcharge.

[British Airways raises fuel surcharge on all tickets](#)

London - British Airways (BA) Tuesday announced an increase of the fuel surcharge on tickets to reflect 'continuing high oil prices.'

[Truckers protest fuel prices at Pierre](#)

PIERRE — Fewer truck drivers than expected showed up for a rally against high fuel prices on Monday, but an organizer said many decided not to attend because they couldn't afford the diesel.

“That’s the whole point,” said organizer Brian Frahm of Fort Pierre. “It costs too much to get out.”

[Petrol panic appears to be easing](#)



PANIC buying at the pump led to shortages at the forecourt last week in Banffshire's petrol filling stations, claim their owners.

...However, after last week's long queues at the pump, there were signs that the initial outbreak of panic-buying has abated.

[Israel's Cuts off Cooking Gas Supply, Gaza Bakeries Shut down](#)

Cooking gas is not available for private use either, creating a shortage of supplies in Gaza homes. Some families are using fire to cook in "tabun" ovens being built due to the shortage, and are using as fuel any available flammable object, including wood, plastic and alcohol.

[Could state-owned plants prevent power shortages?](#)

Now that almost everyone acknowledges that Maryland's plan to deregulate electricity didn't work, state officials are looking at how to prevent a power shortage predicted by the state's Public Service Commission.

The Associated Press last week reported that the PSC study said that if no major changes were made, the state could face rolling "brownouts" or even blackouts by 2011.

If they happen, much more than inconvenience for this region will be involved.

[Floating turbines may join Norway's offshore rigs](#)

UTSIRA, Norway—Giant turbines the size of jumbo jets bobbing on the North Sea may soon become as common off Norway as oil and gas platforms.

At least that is the ambition of Norwegian authorities and industry, eager to splash some green on their oily image and use their offshore expertise to corner a potentially lucrative new market – floating wind farms in deep sea waters.

[US air force calls for mission to combat climate change](#)

The US air force will this week call for the world's top scientists to come together in a 21st-century Apollo-style programme to develop greener fuels and tackle global warming. It wants universities, governments, companies and environmental groups to collaborate on a multibillion-dollar effort to work out greenhouse gas emissions of existing and future fuels.

William Anderson, an assistant secretary of the air force, said the project aimed to calculate the overall carbon footprint of the world's energy sources, rather than merely measure their direct emissions.

[World power crunch tightening diesel market](#)

NEW YORK (Reuters) - Rising electricity demand, aging power infrastructure and fuel shortages in developing countries are boosting global demand for diesel -- factors that could keep supplies tight and prices strong for another couple of years.

The boom in use of diesel for electric generators in parts of Asia, Africa, the Middle East and Latin America has already underpinned a big rally in distillate prices since last year and helped propel crude oil well above \$100 a barrel even as energy demand wanes in the United States and Europe.

"You have a shortage of power generation capacity in parts of the world, including the Middle East, causing brown outs and blacks outs, and increasing incremental demand from back-up generators that run on diesel," said Antoine Halff, oil analyst for Newedge Group in New York.

[No end in sight for costly oil bubble](#)

Only Opec has the ability to kill this rally and it shows no sign of wanting to do so - even Saudi Arabia and Kuwait have become accustomed to the cashflow and would find it difficult to live with substantially lower prices.

The big question is when the price of crude begins to kill off demand. It is already happening in America, where petrol consumption has begun to decline.

But demand is still robust in Asia, where too many countries, including China and India, protect their consumers from the full impact of pricey crude.

US motorists are filling up less because the credit crunch has made them poorer but also because the price signal is very loud in the United States, undistorted by subsidies or high fuel taxes.

[ExxonMobil Declares Force Majeure on Strike, Shut-In 800,000 bbl/d](#)

ExxonMobil Corp. (XOM) Monday took the drastic step of declaring force majeure on its energy operations in Nigeria because of an ongoing labor strike, signaling the damaging affect the dispute is having on its operations in the country.

The declaration means ExxonMobil is unable to meet its contractual obligations because of a shut-in by the strike of around 800,000 barrels a day of crude oil output.

[Proposals unlikely to improve Mexico's oil output](#)

WASHINGTON – Mexico's oil production continues to decline because Mexico's oil company can't do its job.

Petróleos Mexicanos doesn't have the tools, talent or money to go after the billions of barrels of oil that lie in its deepwater zone in the Gulf of Mexico, and Mexico's constitution bars any other oil company from doing the work.

[Mexico's Pemex posts 1st-qtr net profit vs loss](#)

MEXICO CITY, April 28 (Reuters) - Mexican state-run oil monopoly Pemex posted a 3.3 billion peso first-quarter net profit on Monday, compared to a net loss of 10.4 billion pesos a year earlier, aided by improved operating results and higher sales.

Pemex said its total sales rose 32.4 percent to 321.5 billion pesos as prices for crude, natural gas and other by-products rose across the board.

[Washington lawmakers share blame in energy crisis](#)

Ebell also notes that if politicians think gas prices are too high, they should be contacted by concerned consumers and asked why they would support global warming policy that is currently before the Senate and House. He feels it is "hypocritical" for politicians to complain about fuel prices, then turn around and support such things as a carbon tax or a mandate to use some form of non-carbon-based energy source.

[Schools living fuel nightmare](#)

Here's another way to look at the bus fuel nightmare: the current year's budget contained \$246,000 for diesel fuel, but officials recently had to get a budget amendment, bumping it up to \$316,000.

"Our actual costs for fuel this year came in at 57-percent higher than what was

budgeted," said Schools Director Kathleen Airhart.

[Cuba's Fidel Castro warned of food crisis a year ago](#)

HAVANA (Reuters) - As global fears about food security mount with riots in Africa and panic buying elsewhere, one world figure can sit back and say he warned a year ago of a coming food crisis -- Fidel Castro.

[Food Crisis: Emptying The U.S. Breadbasket](#)

In the 1980s, more than half the farm's acres were wheat. This year only one in 10 will be, and 40 percent will go to soybeans. Braaten and other farmers are considering investing in a \$180 million plant to turn the beans into animal feed and cooking oil, both now in strong demand in China. And to stress his hopes for ethanol, his business card shows a sketch of a fuel pump.

...Science, weather, economics and farm policy have all played a part in the changes.

U.S. wheat yields per acre have increased little in two decades, partly because commercial seed companies have all but abandoned investments in improved varieties, preferring to focus on the more profitable corn and soybeans. Subtle warming changes in the climate and the recent availability of new plant varieties that thrive in cold, dry conditions have pushed the corn belt north and west.

[ND Study: 167 Billion Barrels of Oil in Bakken](#)

The Bakken shale formation in North Dakota holds up to 167 billion barrels of oil but only about 1 percent of it can be recovered using current technology, a new study says.

The study released Monday said current technology could lead to the recovery of about 2.1 billion barrels in North Dakota's portion of the formation, where oil-producing rock is sandwiched between layers of shale about 10,000 feet under the ground. The estimate of recoverable oil included in the study by the state Department of Mineral Resources was similar to that of a federal study released earlier this month.

[We should warm to the idea of melting poles](#)

So quickly is the ice melting that the prospect of a navigable, ice-free Arctic Ocean is no longer the stuff of fanciful imagination, and has been the topic of two National Oceanic and Atmospheric Administration National Ice Centre-sponsored conferences (Naval Operations in an Ice Free Arctic symposium, April, 2001; Impact of an Ice-Diminishing Arctic on Naval and Maritime Operations symposium, July, 2007).

Within our lifetimes, and possibly in less than a single generation, we may witness the opening up of Arctic sea lanes that are fully navigable year-round: The strategic, economic and diplomatic consequences will be enormous.

[Averting an energy crisis](#)

Gas prices are skyrocketing; the average price of a gallon of regular soared past \$3.50 last week. Venezuela has threatened to cut off oil exports to the United States. The dollar has fallen by 30 percent against the euro over the past two years. Could things possibly get worse?

Yes. Real-world events underscore the nation's acute energy security vulnerabilities. Over the last year oil prices have surged in a short period of time without any single precipitating event. The effects are stark. Every \$10 increase in the annual price of a barrel of oil costs the economy \$75 billion.

[Next few years may be tough](#)

It's one thing to be short on oil, significant curtailments will allow our infrastructure to continue operating. There are certain things we can do without.

The British between 1939 and 1945 made significant concessions; they lived through food rationing, blackouts and bathing in cold water.

But the only thing that Winston Churchill and his advisors really worried about was if food imports were cut off. And that is what the Germans were aiming for. Both sides knew that when the amount of daily calorie intake fell below a certain threshold, nothing could contain social unrest.

[South Africa: 'No need for 60% power hike for domestic users'](#)

JOHANNESBURG - While SA households are already paying excessively high prices for their electricity many of the country's industries pay up to 275% less for power.

Add to this the fact that Eskom is selling about a third of its locally-generated power to neighbouring countries, there is "absolutely no need" for domestic consumers to face a more than 60% increase, Solidarity spokesman Jaco Kleynhans said.

[Delegation, truckers, speak up against diesel costs](#)

Rep. Tom Allen (D) met the truckers at I-95 Exit 25 in Kennebunk.

Allen has called for an “immediate federal investigation” of price fixing and manipulation, sending letters to the chairman of the Federal Trade Commission and the Commodity Futures Trading Commission, among others.

[Cyprus: Exceptional price rises coupled with shortages](#)

Today, as oil hovers a new record high of \$120 a barrel and a two-day United Nations crisis meeting gets underway to address the worsening food crisis, Cyprus is urgently struggling to come up with a course of action to answer the desperate need for new water supplies.

[Auto Industry Working Hard to Make an Electric Vehicle Battery](#)

To an engineer, it looks obvious.

Gasoline packs 80 times more energy per kilogram than a lithium-ion electric vehicle battery. It holds 250 times more energy than a common lead-acid battery. So, it's a no-brainer. Batteries can't possibly deliver the energy needed to power the future of the auto industry, right?

Wrong. With vehicle exhaust being blamed for global warming and with concerns over foreign oil availability growing, the auto industry has re-ratcheted up its efforts to develop an electric car and the battery still sits smack-dab in the middle of Alternative Energy Highway.

[Q&A: Wave power](#)

How much of our energy needs could wave power meet?

The technology has only been available for a few decades, yet we could meet almost 10% of our energy needs from wave power, at a cost similar to current prices.

[Gwynne Dyer: Climate change could fend off peak oil crisis](#)

Last week, Hamish McRae, one of the world's best economic journalists, declared in *The Independent*: “Hardly anyone a year ago successfully predicted the rise in the oil price to \$120 a barrel—in fact I have not found a single forecast of that.” Regular readers of this column may recall that I predicted oil at over \$100 a barrel in April 2006, and well north of that price in another column in July 2007.

I am the most modest of men, but I reckon this gives me the right to offer some further forecasts. So I predict that the price of oil will soon fall—a bit. So far, the economies of

the “Brics” (Brazil, Russia, India and China) are still growing strongly, but the old industrialized economies are definitely heading into a recession, and they still consume most of the oil.

[Supply side to blame for high oil prices](#)

Despite what many pundits say, oil demand is not really the central problem. True, there has been a huge shift in the sources of demand, away from the rich industrial countries and toward China, India, the Middle East and Russia. But the pace of aggregate demand growth in recent years has not changed significantly and, in fact, has slowed. In short, there has been no demand shock.

Rather, the real culprit is on the supply side. Unlike the sudden supply shocks of the 1970s, this crisis is the culmination of the gradual erosion in global capacity growth, which leaves oil demand chronically bumping up against stagnating production capacity.

[IEA chief economist says oil prices unlikely to fall soon](#)

WARSAW (Thomson Financial) - The International Energy Agency's chief economist said on Tuesday it would be 'very optimistic' to expect prices of oil to fall within the next few months.

'I cannot make official forecasts about oil prices but I can tell you that it would be very optimistic to expect that prices will go down in the coming months,' Fatih Birol told reporters on a visit to Warsaw.

[Scottish oil refinery strike ends](#)

LONDON - Workers returned to the Grangemouth refinery in central Scotland on Tuesday after a 48-hour strike that forced the closure of a major North Sea pipeline system.

UNITE, Britain's largest union, said further industrial action is possible unless refinery owner Ineos backs down in a dispute over pensions.

[Record oil prices drive Shell 1Q profits up 25 percent](#)

AMSTERDAM, Netherlands - Royal Dutch Shell PLC's first-quarter profits rose 25 percent, Europe's largest engery company reported Tuesday, on unheard of prices for a barrel of oil.

Shell said its average selling price of crude oil leaped by 66 percent to more than \$90 per barrel from the first quarter a year ago.

[Rockefeller family call for ExxonMobil shake-up](#)

One of America's most powerful families will call tomorrow for a sweeping shake-up at the top of ExxonMobil, the world's largest company.

A group of descendants of John D Rockefeller, who founded its predecessor Standard Oil in 1870, will begin a campaign to split the role of chief executive and chairman of the board at Exxon, a role held by Rex Tillerson.

[Russian crude producer LUKoil posts 73% net profit growth in Q1](#)

MOSCOW (RIA Novosti) - Russia's largest independent oil producer LUKoil said on Tuesday its net profit calculated to Russian Accounting Standards climbed 73% year-on-year in the first quarter to 13.231 billion rubles (\$560 million).

[Shell sees refining margins under pressure](#)

LONDON, April 29 (Reuters) - Royal Dutch Shell (RDSa.L: Quote, Profile, Research) sees refinery margins under pressure for the next two to three years as new refining capacity comes onstream, but more modern plants will add value, the company said on Tuesday.

Peter Voser, chief financial officer of the Anglo-Dutch oil giant, said that he expected a more volatile refining environment over the next few years.

[Petro-Canada's Net Rises on Oil Prices, Production](#)

(Bloomberg) -- Petro-Canada, the worst performer among Canada's largest oil companies, said first-quarter profit rose 82 percent on higher oil prices and production.

Net income climbed to C\$1.08 billion (\$1.07 billion), or C\$2.20 a share, from C\$590 million, or C\$1.18, a year earlier, the Calgary-based company said today in a statement. Revenue rose 36 percent to C\$6.62 billion.

[Shell Examines Carbon Capture Project at Its Canadian Refinery](#)

(Bloomberg) -- Royal Dutch Shell Plc, Europe's largest oil company, said it's examining a

carbon capture project at its Scotford refinery and upgrader in the Canadian province of Alberta.

The company is studying a plan nicknamed ``Quest," which would capture carbon at the 155,000-barrel-a-day upgrader and ``transport it to a mature field for sequestration," Chief Financial Officer Peter Voser said today on call with reporters. ``We are looking into that and we are working on that."



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