



DrumBeat: February 4, 2009

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Topic: [Miscellaneous](#)

[Downturn ends boom in solar and wind power](#)

NEW YORK: Wind and solar power grew at a blistering pace in recent years, and that growth seemed likely to accelerate, especially in the United States under the green-minded administration of the new president, Barack Obama.

But because of the credit crisis and the broader economic downturn, the opposite is happening: Except in isolated markets, like China, installation of wind and solar power is slowing, and in some cases plummeting.

Factories building parts for these industries in the United States have announced a wave of layoffs in recent weeks, and trade groups are projecting 30 percent to 50 percent declines this year in the installation of new equipment, a decrease that bars more help from the government.

[\\$100 billion jolt of 'green stimulus'](#)

NEW YORK (CNNMoney.com) -- A short-term booster shot for the economy? Or a complete rethinking of the way businesses and individuals consume energy?

Those are the crucial questions as Congress debates the more than \$100 billion in initiatives that are currently part of the nearly \$900 billion stimulus package.

[Scientists to provide Xcel with US wind forecasts](#)

NEW YORK (Reuters) - Atmospheric researchers based in Colorado said on Wednesday they will provide Xcel Energy Inc with detailed wind forecasts every three hours to help maximize power generation from the alternative energy source.

"One of the major obstacles that has prevented more widespread use of wind energy is the difficulty in predicting when and how strongly the wind will blow," William Mahoney, the program director of the National Center for Atmospheric Research, said in a release.

[Goldman Says Oil Market May Require Non-OPEC Cuts](#)

(Bloomberg) -- OPEC oil supply cuts may not be enough to counter falling industrial demand, requiring reductions by non-OPEC producers to restore balance to the market, Goldman Sachs Group Inc. said today.

January output must be curtailed by another 1.1 million barrels a day to reduce a surplus, commodity analysts Giovanni Serio and Jeffrey Currie said in a report. About 600,000 barrels a day will probably have to come from non-OPEC producers, with another 500,000 from the Organization of Petroleum Exporting Countries.

“Prices will have to remain under pressure in the near term to force non-OPEC producers to cut supply,” they said.

[UAE, Kuwait, Saudi Arabia can Balance Budget at \\$45 Per Barrel](#)

DUBAI — The UAE, Kuwait, and Saudi Arabia will be able to balance their 2009 budgets even if oil prices stay at \$45 per a barrel, while Qatar, Bahrain and Oman will require higher prices —above \$60 per barrel — the latest research by Kuwait Financial Centre (Markaz) said.

Forecasting a average \$45/bbl price during first half of 2009, Markaz said the country with the highest dependence on oil revenues was Saudi Arabia as 89 per cent of its 2009 revenues would come from oil sales while the country with the least dependency on oil revenues would be Kuwait with 69 per cent of its total revenues expected from oil this year.

[Petrobras Will Receive 33 New Oil Rigs By 2012](#)

(Bloomberg) -- Petroleo Brasileiro SA, Brazil’s state-controlled oil company, will receive 33 new oil rigs by 2012 as it seeks to boost output, an official said.

Petrobras, as the Rio de Janeiro-based company is known, will receive 11 rigs this year, head of Exploration Services Erardo Barbosa said today at a news conference in Rio de Janeiro. The company currently operates 40 rigs, he said.

“We can’t be conservative in our goals,” Exploration Director Guilherme Estrella said at the same conference. “We must be ambitious.”

[Venezuela Union Says It Took Over 4 Helmerich Rigs](#)

(Bloomberg) -- Venezuelan oil union Fedepetrol took control of four Helmerich & Payne Inc. oil rigs that the company was about to move out of oil fields, a union leader said.

"We're not allowing the exit of the equipment from the zone" of oilfields in eastern Venezuela's Monagas state, Sanchez, secretary general of Fedepetrol in Punta de Mata, Venezuela, said today in a phone interview. "Further, we are increasing our guard over the other seven rigs" operated by the Tulsa-based company, he said.

[Mexico Carries Out 'Extraordinary' Intervention After Peso Hits Record Low](#)

(Bloomberg) -- Mexico's central bank is buying pesos in the foreign-exchange market after the currency plunged to a record low today, the bank's press office said.

A joint central bank and finance ministry committee decided Banco de Mexico would "inject liquidity," according to an e-mail sent by the central bank's press office. The intervention is an "extraordinary" measure beyond the bank's normal offer to buy \$400 million worth of pesos a day, the press office said.

[Mexico inks pact to sell geothermal power to L.A.](#)

MEXICO CITY (Reuters) - The city of Los Angeles, which has a goal of getting 20 percent of its power from renewable sources, agreed in principal on Tuesday to purchase Mexican geothermal power, Mexico's state-owned power monopoly said.

[Regulator sets tougher green energy guidelines](#)

LONDON (Reuters) - Energy suppliers must abate carbon emissions by at least a tonne for every residential customer signed up to "green" electricity tariffs under new guidelines set by energy regulator Ofgem on Wednesday.

[Arctic storms seen worsening; threat to oil, ships](#)

OSLO (Reuters) - Arctic storms could worsen because of global warming in a threat to possible new businesses such as oil and gas exploration, fisheries or shipping, a study showed on Wednesday.

"Large increases in the potential for extreme weather events were found along the entire southern rim of the Arctic Ocean, including the Barents, Bering and Beaufort Seas," according to the study of Arctic weather by scientists in Norway and Britain.

A shrinking of sea ice around the North Pole, which thawed to a record low in the summer of 2007, was likely to spawn more powerful storms that form only over open water and can cause hurricane-strength winds.

[Disaster in the Senate](#)

After today's dramatic failure of the Murray/Feinstein amendment, which would have given \$25 billion more to transportation projects in general and \$5 billion more for transit specifically, I didn't think matters could get much worse, but they've gone terribly wrong in almost every way possible.

Barbara Boxer (D-CA) and James Inhofe (R-OK) will introduce an amendment later today giving \$50 billion to highways alone. No money for transit, and a lot of money going directly to states that will spend their funds on highways we don't need.

Meanwhile, Senator Boxer is also coming close to endorsing a plan by Kit Bond (R-MO) to transfer \$5.5 billion that would be for *any* type of surface transportation to *highways alone*. Hello?

Perhaps the cherry on the cake was the passage by voice vote an amendment by Barbara Mikulski (D-MD) that will allow consumers to get a tax rebate on payments on car loans.

[White House role in slashing stimulus bill transit funding questioned](#)

Who's responsible for allocations in the stimulus package? Who decided that roads would get \$30 billion, transit would get \$9 billion, and that the "smart grid" would get \$11 billion? According to transit advocates who've talked with House transportation committee chair James Oberstar, D-Minn., it was Lawrence Summers, director of the White House's National Economic Council.

[IEA May Cut Oil Demand Forecast Again, Newedge Says](#)

(Bloomberg) -- The International Energy Agency, an energy policy adviser to 28 nations, is likely to reduce its 2009 oil demand forecast again, following changes to International Monetary Fund economic predictions, Newedge USA LLC said.

The Paris-based IEA calculates consumption using economic estimates from the IMF, which on Jan. 28 lowered its outlook for 2009 world economic growth to 0.5 percent, from a November forecast of 2.2 percent.

The IMF revision "will ensure that the International Energy Agency will once again slash its estimate of annual oil demand growth," said the report by Antoine Halff, head of energy research at Newedge in New York.

[Fuel emergency part 2: IEA plan](#)

The issue of planning for and administering fuel emergencies is complex and multi-layered, involving a range of commercial interests, government agencies and a tangle of

legislation, policies and jurisdictions, one of the largest and most influential of which is the International Energy Agency, an autonomous body within the framework of the OECD.

[OPEC ready to cut more oil to defend price](#)

LONDON (Reuters) - OPEC stands ready to cut yet more oil output at a meeting next month, its fourth reduction since September, to revive prices battered by the first demand drop in more than 20 years.

[Saudi Arabia Raises All Prices for March Oil Exports](#)

(Bloomberg) -- Saudi Aramco, the world's largest state-owned oil company, raised the official selling prices for all of crude grades it will export to customers in March.

Saudi Arabia increased the prices for its Extra Light, Light, Medium and Heavy crude grades for export to the U.S., Europe and Asia next month, the Dhahran-based company said today in a faxed statement. Prices were increased most to the U.S., by as much as \$4.70 a barrel for the country's Heavy grade.

[Market elusive for US West Coast LNG imports](#)

NEW YORK (Reuters) - Woodside Petroleum's decision to scrap a liquefied natural gas import terminal in California last month bodes ill for developers on the U.S. West Coast already struggling to bring projects to fruition.

[Saudi, Iran make use of fuel glut](#)

A glut of refined petroleum products in Asia has prompted the two biggest Gulf oil exporters, Saudi Arabia and Iran, to make unusual purchases of gas oil.

While Saudi Arabia is using the fuel for power generation and transport, Iran is stockpiling it in tankers. The national Saudi petroleum company, Saudi Aramco, has agreed to buy about 3 million barrels of gas oil from the Japanese trader, Itochu, under a term contract to deliver the fuel to the kingdom from March to December, according to Reuters.

[Petrobras plans to sell 10-yr bonds](#)

SAO PAULO (Reuters) - Brazil's state-run oil giant Petrobras plans to sell 10-year bonds in the international capital markets to help fund its investment plan, International

Financing Review said on Wednesday.

[US Kyrgyz base is pressure point](#)

The closure of the Manas US airbase in Kyrgyzstan would be a severe blow to the conduct of the war in Afghanistan.

It is the only US base in Central Asia, and not only is it used for combat sorties - it is a key link in the supply chain which is expected to be used increasingly heavily as a build-up of US reinforcements into Afghanistan develops.

[Tajikistan: Aluminum Plant Production Plummet](#)

The Talco aluminum plant in Tajikistan has dramatically scaled back production, as the country's energy crisis is starting to bite. The struggling, indebted company is operating with nearly a third less energy, and employees are working for just one hour a day.

[Coal and oil will make Magallanes "Chile's energy centre"](#)

Magallanes region in the extreme south of Chile is becoming the "energy centre of the country" based primarily on the development of coal resources and the exploration for hydrocarbons said Chile's National Energy Commission president Marcelo Tokman.

[New UK nuclear partnership formed](#)

French energy group GDF Suez and Spain's Iberdrola have announced the creation of a partnership to build nuclear power stations around Britain.

[Fourth Cyclone Brews Off West Australian Oil Region](#)

A tropical low has formed on the remote west Australian coast on Tuesday and may develop into the region's fourth cyclone later in the week, the Bureau of Meteorology said, potentially threatening some offshore oil and gas fields.

[Byron King: Unwinding Complexity and the Collapse of Societies](#)

My take-away thought about this was how complex our society has become. There are layers upon layers of complexity and astonishing levels of technical expertise. There are so many different organizations, agencies, groupings of people and assemblages of

equipment. It all costs a lot of money and consumes a lot of energy. When something dramatic happens, like an airplane crash, it all mobilizes and comes on-site. That's OK when major disasters are one-off incidents. But what if several incidents occur in short order or close proximity? What happens when money, if not energy, gets scarce? The whole process could get overwhelmed.

[Standing room only in Seaside event](#)

"Within 18-36 months, we will have terrible trouble with oil and natural gas," said Kunstler. His prediction was not disputed by anyone present.

Rust belt cities such as Baltimore, Pittsburg and smaller towns and cities were mentioned by various panelists as prime candidates for renovation, re-densification and "urban in-fill." Heavily oil-dependent cities such as Phoenix, Las Vegas and Houston were noted by the panel as most likely not to thrive in the new economy.

[Food, Finance and Democracy in Crisis](#)

"But when you introduce markets in food, you introduce two very simple rules," Raj said. "The first rule is that if you have money, you get to eat." In fact, you can eat food from halfway around the world, if you like. If you have enough cash and you can pay for it, as the British did, then you can buy food from India and ship it half-way across the world so that workers in London, Manchester and Liverpool can have food to eat.

"And when you introduce global food markets, the second rule is that if you have no money, you will starve." That's exactly what happened in India. There are plenty of stories of Indian workers loading the grain onto the ships destined for Liverpool, and dying of famine on the docks. They didn't die because of a shortage of food; there was more food than ever before in India's history.

[Saudi Aramco Wins Award for Clean Fuel Technology](#)

The FINANCIAL -- Saudi Aramco has been awarded the National Oil Companies (NOC) Forum Environmental Stewardship Award for its groundbreaking research on Electron Beam Flue Gas Treatment (EBFGT) technology.

[Alberta competitiveness study raises ire of some](#)

CALGARY -- Alberta's energy minister says a new government probe comparing Alberta's energy rules and taxes to competing provinces is not about reopening the contentious royalty debate, but critics remain unconvinced.

[Clean-Coal Debate Pits Al Gore's Group Against Obama, Peabody](#)

(Bloomberg) -- Former U.S. Vice President Al Gore and his Alliance for Climate Protection say clean-coal technology is a fantasy.

Peabody Energy Corp., the biggest U.S. coal producer, says another prominent Democrat has pledged to make the technology a reality: President Barack Obama.

[Merrill: Non-OPEC oil production may have peaked](#)

Merrill Lynch on Tuesday said that crude oil production from non-OPEC nations may have already peaked, noting that oil production decline rates were a function of investment rates, as well as the size and age of oil fields. 'All these factors point to steeper oil output declines going forward,' the firm wrote.

...'Should the credit crunch push decline rates to 6 percent, however, non-OPEC production could decline precipitously toward million barrels per day by 2015 from the current levels,' it wrote.

Also: [Has non-OPEC oil production peaked?](#)

[Oil majors to keep investing to avoid past mistakes](#)

LONDON (Reuters) - Many oil companies are slashing investment in the face of a \$100/barrel collapse in crude prices but, keen to avoid past mistakes and emerge as winners from the downturn, the very biggest are holding spending steady.

[Drivers seek mileage boost despite cheaper fuel](#)

WASHINGTON (Reuters) - The sharp drop in gasoline prices since last summer has not erased concern about pump prices or U.S. dependence on foreign oil, and most American drivers list fuel economy as important in future vehicle purchases, a consumer group said on Tuesday.

"The persistence of great concern about gas prices and dependence on oil imports shows a strong base of public support for significant improvements in motor vehicle fuel economy," said Mark Cooper, Research Director for the Consumer Federation of America.

[Metals, oil prices set for weak 2009](#)

PARIS, (AFP) – Depressed prices for metals and oil are likely to stay weak for most of this year given the worsening state of the global economy, but gold and agricultural commodities are on a firmer trend, analysts say.

[Russia's debt rating downgraded by Fitch](#)

Russia's debt rating was cut by Fitch Ratings for the first time in more than a decade because of falling oil prices, dwindling foreign currency reserves and record capital flight.

The rating was lowered to BBB, the second-lowest investment grade, from BBB+, Fitch said in a statement on Wednesday. Fitch maintained its negative outlook. Standard & Poor's Ratings Services took the same action on Dec. 8.

[BP's unhappy marriage to the Russian oligarchy](#)

He is committed to trying to make BP's joint venture with four Russian oligarchs work. This is a far tougher job than trying to fix the price of a barrel of West Texas Intermediate. The oligarchy redefine the word "challenging". BP's joint venture in western Russia, TNK-BP, has been an unhappy marriage since it was contracted in 2003. It is of huge strategic importance for BP – a quarter of its output and reserves – and contains huge promise. Disappointingly, it recorded a loss of \$700m in the last quarter of 2008, helping push BP's overall results into negative territory for the last three months of last year.

[China auto sales seen surpassing US in January](#)

China likely overtook the U.S. in vehicle sales for the first time last month, a trend that could make China into the world's largest auto market this year.

Official data for China's auto sales in January will not be out until next week. But they are expected to show sales at about 790,000 units for the month, Zhang Xin, an analyst at Guotai Junan Securities in Beijing, said Wednesday.

In the U.S., meanwhile, auto sales in January tumbled 37 percent to 656,976 vehicles, the lowest monthly level in 26 years.

[Bulgaria wants new gas deal with Gazprom](#)

Bulgaria's foreign minister says his country wants a new gas agreement with Russia's Gazprom so some intermediaries are removed.

Ivailo Kalfin says Bulgaria wants to replace the three intermediaries that deliver Russian gas to Bulgaria with just one, to reduce the price Bulgaria pays.

[UK workers reject deal to end foreign labour row](#)

LONDON (Reuters) - British workers rejected a deal on Wednesday to resolve a dispute over the use of foreign labour at a French-owned oil refinery in Britain and said unofficial strikes would continue.

[Insecurity grows in Nigerian oil hub, 3 kidnapped](#)

PORT HARCOURT, Nigeria (Reuters) - Gunmen in Nigeria have kidnapped the wife of a former oil minister, a local employee of Italian energy firm Agip and an electoral official in recent days, police said on Wednesday.

The three separate incidents on Monday and Tuesday underline growing insecurity in the oil-producing Niger Delta, where gunmen last week shot dead the 11-year-old daughter of a Royal Dutch Shell (RDSa.L) worker and abducted his 9-year-old son.

[ADM ethanol production sinks 21%](#)

CHICAGO (Reuters) -- U.S. ethanol producer and grain processor Archer Daniels Midland Co. said Tuesday nearly 21% of U.S. ethanol production capacity has been shut due to weak demand and poor margins.

U.S. ethanol plants with a production capacity of 10.2 billion gallons per year are currently operating, down from a peak of 12.9 billion sometime mid-to-late last year, ADM Executive Vice President John Rice said on a conference call with analysts.

[MGP Ingredients to end ethanol production](#)

KANSAS CITY, Mo. – MGP Ingredients Inc. said Tuesday it plans to leave the ethanol business and will temporarily shut down distillery operations in Illinois, requiring the temporary layoffs of 79 workers.

It also warned in a securities filing that it was in default of its credit facility and seeking additional financing "to continue as a going concern."

[Alaska lowers oil price forecast, expects deficit](#)

ANCHORAGE, Alaska (Reuters) - Alaska revenue officials said on Tuesday they have lowered their expectations for North Slope crude oil prices and are expecting a much

bigger budget deficit than earlier estimated.

Prices for Alaska North Slope crude are expected to average \$63.28 a barrel for the current fiscal year, according to the new forecast released by the state Department of Revenue. That is a substantial decrease from the \$77.66-a-barrel average price that the department forecast in December.

[Return of the electric car](#)

At the recent Detroit motor show, one word raised a buzz amid the current doom and gloom of the global car industry: "electrification".

[Bat-killing syndrome spreads in Northeast](#)

ROSENDALE, N.Y. - A mysterious and deadly bat disorder discovered just two winters ago in a few New York caves has now spread to at least six northeastern states, and scientists are scrambling to find solutions before it spreads across the country.

White-nose syndrome poses no health threat to people, but some scientists say that if bat populations diminish too much, the insects and crop pests they eat could flourish.

[Drought in Australia food bowl continues](#)

CANBERRA (Reuters) - Drought in Australia's main food growing region of the Murray-Darling river system continues, with water stores near record lows despite recent rains, the head of the government's oversight body for the system said on Wednesday.

The long-running drought has hit irrigated crops such as rice, grapes and horticulture hardest, but has had less impact on wheat with good falls of rainfall in grain-growing areas to the north of the Murray-Darling River basin.

[John Holdren, Ideological Environmentalist](#)

Despite his early peak-oil proclivities, Holdren did acknowledge in *The Bulletin of the Atomic Scientists* back in 1975 that "civilization is not running out of energy; but it is running out of cheap energy." But even then, he was clearly convinced that energy supplies would become ever more expensive. More recently, Holdren has declared that even "peak oil" is debatable.

[Australian city planning hurtles towards crossroads](#)

The world's great cities are at a crucial tipping point in their development. London is finding it difficult to cope with the growth in demand for public transport, Beijing has serious air pollution and the infrastructure of US cities is collapsing. Australia's cities are rightly regarded as some of the finest urban environments in the world but they, too, are in trouble.

[Tailpipe turnaround](#)

Jan Lundberg, a former oil industry analyst turned activist and a former member of the San Francisco Peak Oil Preparedness Task Force, calls for even bolder steps: "The kinds of amelioration being talked about and offered are woefully inadequate. We should just get rid of car dependency. Most of the pollution involved — into the air, from the car — is not from the tailpipe. It's from the mining and the manufacturing associated with the car."

[The Population Bum](#)

Nothing in history suggests that a declining population benefits humanity. Everything we have experienced, though, indicates that humans move forward as their numbers grow.

[Obama's Lincoln Thing](#)

We've got two choices. One is the Lincolnesque way that Obama seems to promise: government subsidies for the larger corporations and banks (as Lincoln pushed in his day, especially for the railroads), refurbishing of the infrastructure (ditto), nationalization of the financial system and reckless printing of currency, increased centralization of the government and its hold on the economy, continuation and expansion of warfare and the war machine (all ditto). That is a continuation of the past, and it is amazing that the nation largely does not recognize it as a recipe for continued collapse. It is in fact not sustainable, nor is the environment in which it is floundering.

The other way is to rejigger, to dismantle, the entire system.

Abandon the empire (which we can no longer afford anyway, of course) and the war system that was begun in 1861 and has been in effective power since 1941 (of which Eisenhower famously warned us).

[Denver drivers let up on gas and cut emissions](#)

So far, results from tracking 160 Denver city vehicles and 240 private vehicles show that lightly tapping brakes, reducing rapid accelerations and not letting cars idle show an overall emissions decrease of 10 percent.

[Climate bill seen possible "in weeks"](#)

WASHINGTON (Reuters) – The Senate's top environmental lawmaker offered a preview on Wednesday of major component of climate change legislation she said could be introduced "in weeks, not months."

"We are not sitting back and waiting for some magic moment," Barbara Boxer, a California Democrat who chairs the Senate Environment and Public Works Committee, told reporters. "We're ready to go."

[EPA may seek new comment on California waiver this week](#)

WASHINGTON (Reuters) - The head of the Environmental Protection Agency said on Tuesday she hopes to reopen the public comment period this week on California's request for authority to cut tailpipe emissions.

"I think very soon. ... I'm hoping that it will be in the next few days," EPA Administrator Lisa Jackson told Reuters when asked if notice would be published this week in the Federal Register of regulations.

[California Farms May Die With Changing Climate](#)

Chu warned of water shortages plaguing the West and Upper Midwest and particularly dire consequences for California, his home state, the nation's leading agricultural producer.

In a worst case, Chu said, up to 90% of the Sierra snowpack could disappear, all but eliminating a natural storage system for water vital to agriculture.

"I don't think the American public has gripped in its gut what could happen," he said. "We're looking at a scenario where there's no more agriculture in California." And, he added, "I don't actually see how they can keep their cities going" either.



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