



DrumBeat: February 24, 2009

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Topic: [Miscellaneous](#)

[Japan may force utilities to buy surplus domestic solar power](#)

TOKYO (AFP) – Japan plans to soon require electricity companies to buy surplus power generated by household solar panels at about twice the current price, a government official said Tuesday.

The scheme, to start as early as the fiscal year beginning in April, aims to promote solar power as part of efforts to cut greenhouse gas emissions that drive global warming, an industry ministry official said.

[PG&E sets big solar program, will own generation](#)

LOS ANGELES (Reuters) - California utility Pacific Gas and Electric Co on Tuesday said it would develop up to 500 megawatts (MW) of photovoltaic solar power projects over the next five years, up to half of which it will own directly.

The unit of PG&E Corp said it will pay \$1.4 billion to own up to 250 MW of solar generation, its first direct investment in renewable generation in more than a decade. The program will add about 32 cents a month to the average residential utility bill, the company added.

[A fierce thirst for oil](#)

The United States produces 10 percent of the world's petroleum and consumes 24 percent. Surprisingly, only 16 percent of the imported crude oil and petroleum products came from the Persian Gulf countries of Bahrain, Iraq, Kuwait, Qatar, Saudi Arabia and United Arab Emirates in 2006. Nearly half came from North, South and Central America.

[A French Oil Giant's Gamble in Yemen](#)

In a few months, Yemen will become the world's newest exporter of natural gas. Total,

the French oil giant, has spent billions of dollars building this plant at the edge of the Gulf of Aden, which will export liquefied natural gas to Asia, Europe and the United States.

[Nigeria optimistic on energy reform despite downturn](#)

ABUJA (Reuters) - Nigeria's plans to transform its state oil firm NNPC into a profit-driven company able to raise capital independently are still on track despite the global economic downturn, senior energy officials said on Tuesday.

Africa's biggest energy producer wants to break up NNPC into around seven autonomous units able to operate like counterparts in Brazil, Malaysia or Saudi Arabia. The aim is partly to end funding shortfalls that have long hobbled the Nigerian industry.

[Chevron's Wheatstone, Iago to Supply Two LNG Plants](#)

(Bloomberg) -- Chevron Corp., the world's fourth-largest energy company, said two offshore Australian natural-gas fields are large enough to justify building a pair of plants that will liquefy the fuel for export.

[South Texas Oil adopts debt-restructuring plan](#)

South Texas Oil Co. has reached two separate agreements to restructure \$26.1 million of the company's senior secured debt.

South Texas Oil Co. has agreed to sell the company's interest in a Colorado oil field and drilling rig to The Longview Fund LP for \$9.8 million. In exchange, The Longview Fund will cancel \$9.8 million in debt owed to it by South Texas Oil.

[Automakers go eyeball to eyeball in Washington](#)

NEW YORK (Fortune) -- Top executives from General Motors and Chrysler will meet with members of President Obama's auto team Thursday. To say the stakes couldn't be higher would be to understate the seriousness of the situation.

[Steve LeVine: China Changes Calculus for Petro-Rulers](#)

Much has been written on how low oil prices will help to reverse the fortunes of resource-strapped Big Oil – if not precisely jolly over their new penury, closed-armed petro-powers, it's said, will now allow western oil companies at least to make a case why they should be permitted to conduct exploration and production. Atop the list of this

ostensible new state of affairs have been Venezuela, Libya, and Russia.

But so far, the opposite appears to be happening — resource-rich countries are not opening up to new deals with western oil companies. One reason is that the analyses appear to have played down two factors — the depth of discomfort among the petro-powers with Big Oil; and the deep-pocketed willingness of China to step in.

[Russian general says watching Arctic militarization](#)

MOSCOW (Reuters) - Russia said on Monday it was watching the extent of militarization in the Arctic as global warming makes potentially valuable resources in the polar region more accessible and would plan its strategy accordingly.

Russia has already staked its claim to a majority of the Arctic waters, which it shares with four NATO countries and planted a Russian flag on the seabed under the North Pole 18 months ago to reinforce its position.

[Why America's Russia policy runs through Ireland](#)

The cutoff of gas supplies to Ukraine by Russian gas giant Gazprom is not an acute crisis among embittered neighbours. Nor is Russia's heightened tensions with the United States a mere tiff in the history of their diplomatic relations. Rather, they more symptomatic of strained relations between a resurgent Russia and an energy-dependent West.

[38 in line for Iraq second round](#)

Iraq has received submissions from 38 international energy companies to qualify for a second round of bidding for contracts to work on some of its prized oil and gas fields, an Iraqi oil official said today.

[Los Angeles wholesale gasoline jumps 5.5 cts:trade](#)

HOUSTON (Reuters) - California gasoline jumped 5.5 cents on Tuesday in the Los Angeles wholesale market on news of a fire at BP Plc's Los Angeles area refinery, traders said.

[Remarks of Frederick W. Smith Chairman, President, and CEO, FedEx Corporation Co-Chairman, Energy Security Leadership Council](#)

The U.S. consumes 20 million barrels of petroleum a day. In 2008, that oil cost the

nation nearly three quarters of a trillion dollars. Worse, about 60 percent of the oil we use is imported. Last year, we sent 350 billion dollars overseas to pay for oil. Our oil and gas imports, in fact, account for a larger portion of our trade deficit than any single country or regional trade partner.

The consequences of our dependence are real. There can be little doubt that a major part of the financial crisis that led to the current recession was the 2007 and 2008 run-up in oil prices. We saw an explosion in home ownership, with many purchases being made by people who had heretofore not qualified for mortgages. When the price of oil and the price of gasoline began to rise, and inflation on commodities began to take hold, and interest rates began to increase, you had a tremendous diminution in purchasing power and cash flow, which contributed to people having to walk away from their mortgages.

(Alan must have been sorely disappointed by this speech.)

[Dems Cool On Climate Change As Economic Pressures Escalate](#)

To environmentalists, there is no more urgent question than addressing global climate change. The new Democrat-led Congress has vowed to pass major cap-and-trade legislation in response.

Later this year. Maybe.

While President Obama said in Canada last week that climate change remains a priority, Congress appears in no hurry to act.

[CERA - a peak oiler in the making?](#)

CERA has over the years been extremely optimistic regarding future expansion of liquids capacity. They also have belittled and ridiculed those who disagreed, particularly with the notion that we will soon see a Peak Oil scenario. It is therefore with some surprise you read the various CERA reports in chronology and you realize that CERA is presently gliding away from previous strongly held beliefs and setting the stage for joining the Peak Oil community.

[US Interior Sec to Review Oil Cos' Controversial Leases](#)

U.S. Interior Secretary Ken Salazar said Friday that changes regarding oil companies' leases would likely be part of a comprehensive energy bill Congress is drafting.

Salazar, speaking to reporters, also said his department was considering how to recoup billions of dollars in revenues the government believes it's owed by oil companies because of controversial leases in the Gulf of Mexico that were signed in the late 1990s but omitted royalty price thresholds.

[North American rig market driven by deepwater demand](#)

After last year brought record oil prices, the offshore oil and gas industry could have been forgiven for an optimistic outlook. However, a worldwide economic crisis and oil prices slipping to less than US\$50 per barrel have made 2009 a very different year.

While the market for semisubmersibles and drillships in the U.S. Gulf of Mexico has remained fairly strong, the market for jackups has cratered. Facing jackup utilization of less than 60 percent, many drilling contractors are looking to move from the U.S. Gulf to Mexico to find work.

[Total's Oil Sands Targets Slip Back 1-2 Years](#)

Total SA envisions delays on its Canadian oil sands projects, pushing back the company's expectations for ramping up production, the company's CEO said Monday.

Total has estimated in the past that production will reach 250,000 barrels a day within a decade from its Surmont and Joslyn projects. While the French oil giant had hoped to reach that target by 2015 or 2016, that goal is no longer realistic, said Christophe de Margerie, Total's chief executive, in a media briefing in New York.

"If it is the next decade, it will be at the real end of the decade," he said. "I would not be surprised if the industry as a whole was delayed by one or two years."

De Margerie cited high production costs as an early source of delays, though those expenses are now dropping as work in the region has slackened with falling oil prices. But more-stringent environmental policies will likely force delays at new projects, he said.

"It's not just technical, it's technical and let's say, political," de Margerie said.

[Nigeria needs to end fuel import dependence - min](#)

ABUJA (Reuters) - Nigeria needs to deregulate its energy sector to end its dependence on imported fuel, which is burdening government finances and stunting growth in the downstream sector, its junior oil minister said on Tuesday.

Africa's biggest oil producer, a country of 140 million people, is currently importing 85 percent of its petroleum product needs because of the shambolic state of its refineries.

[BP reports fire at Carson refinery](#)

NEW YORK (Reuters) - BP Plc reported a fire late on Monday in a coke barn at its 265,000-barrel per day refinery in Carson, California, according to company filings with state environmental regulators.

One filing with the California Emergency Management Agency said "crews are responding to a refinery fire which is in the coke barn and tunnel, to extinguish the fire ..."

[Peru Receives \\$1.13B in Energy Royalties, Production Up 43%](#)

Peru received \$1.13 billion in royalties from private energy production in 2008, up 43 percent from the previous year, the National Mining, Petroleum and Energy Society said Monday.

[Ethiopian airlines reducing flights, marketing on CNN](#)

As part of the contingency plan, bigger aircrafts are being also replaced by smaller ones requiring less fuel. Flights to countries like Cameroon are serviced by B757, as opposed to the previously used and bigger B767s. Ethiopian began to feel passenger and cargo contractions in November. But December was when the changes became noticeable to the award winning airline.

[Kenya: Airlines could face fuel shortage due to supply hitche](#)

Airlines face fuel shortage that might interfere with flight schedules after it emerged that the country risks running out of aviation fuel from this week.

Oil marketers are attributing the imminent jet fuel shortage to delay by marketer Gulf Energy in importing the commodity at a time when airlines have nearly consumed the strategic stocks contained in the Kenya Pipeline storage facilities.

[The Dam Building Boom: Right Path to Clean Energy?](#)

Led by China, the developing world is engaged in a flurry of dam construction, touting hydropower as renewable energy in an era of global warming. But critics point out that the human and environmental costs of dams remain high.

[Paved With Renewable Mandates](#)

And so the Senate may soon be leading us down the path trodden by California (the state with the \$40 billion budget deficit) on its way to the California Electrical Shortage

of 2000. Democrats have been historically feckless on energy, but apparently you ain't seen nothin' yet.

What is a renewable portfolio? Well, it's what we used to call an "unfunded mandate." The premise is that the government has perfect foresight on where our energy future is going and as good legislators it's their responsibility to hasten its arrival. Corporations and utilities, you see, are generally too greedy and stupid to perceive the future so they have to be prodded on their way. In their wisdom, the legislators will mandate that by 2000-whatever the state or nation shall derive XX percent of its electricity from "renewable sources." It's up to the utilities to do the job. California pioneered this strategy in the 1990s but 26 states have now followed suit, although four make it only voluntary.

[Americans reach for small luxuries amid sour economy](#)

Perkins says that if there's a silver lining in the downturn, it's the reminder of simpler — and perhaps happier — times.

"I have friends who make \$100,000 a year and they're complaining that they can't do this, they can't do that anymore," she says. "We forgot that it's fun to play cards and dominos. Or how about just something simple like the joy of bubbles in a bath?"

[A little bit here, a little bit there](#)

Curtailling electricity and paper use are just two of the measures Medford campuses are employing to cut down on expenses. In spite of the penny-pinching, the district of about 12,000 pupils expects to cut 13.5 days from this school year to balance the budget, short about \$7.5 million in state funding.

"It's starting to feel like the 1970s energy crisis when President Carter said to turn the lights out and wear sweaters," says Medford schools Superintendent Phil Long from his Monroe Street office, where he also worked by the sunlight from a window.

"Anything we do, even if it's small, accumulates and might even mean an extra day of school."

[Michael Pollan Fixes Dinner](#)

America's favorite food intellectual talks about ethanol, the carrot lobby, and secularizing food.

[Federal officials debate placement of power grid](#)

WASHINGTON – Democratic congressional leaders and the Obama administration indicated Monday that they will push for greater federal authority to locate electric transmission lines, saying the current power grid stands in the way of developing alternative energy sources.

Senate Majority Leader Harry Reid, D-Nev., said he will soon introduce legislation that gives federal regulators authority to override states on electric grid placement decisions as part of a package of energy proposals the Senate is expected to take up in the coming weeks.

[Oil falls near \\$38, following stock markets down](#)

VIENNA – Ten-year lows for U.S. stock indexes dragged oil prices to levels near \$38 a barrel Tuesday as a loss of investor confidence in global economic recovery swept across markets.

[Gas climbs nearly three cents in last two weeks](#)

CAMARILLO, Calif. - The Lundberg Survey of fuel prices says the average national price of gasoline increased 2.6 cents in the past two weeks.

Oil industry analyst Trilby Lundberg says the average price of regular gasoline Friday was \$1.94 a gallon. The price of mid-grade was \$2.07 a gallon and the price of premium was \$2.19 a gallon.

[ANALYSIS - Sovereign wealth eyes move into commodities, oil](#)

LONDON (Reuters) - Sovereign wealth funds (SWFs) -- the investment arms of cash-rich nations such as China and Qatar -- are poised to raise their holdings of commodities and oil in a move that could have a huge impact on financial markets.

Sitting on up to \$4 trillion in assets, much of it from selling oil and other raw materials, most SWFs have so far been conservative in their investment choices, holding dollars, treasuries and shares in large U.S. and European companies.

But they have been badly burned by the global financial and economic turmoil over the last 18 months and are now looking at new strategies to protect their interests, analysts say.

As these funds switch into commodities and oil those markets will be supported by the sheer weight of their purchases.

[Reliance to partly shut 660,000bpd plant May-June-sources](#)

NEW DELHI/SINGAPORE (Reuters) - India's Reliance Industries Ltd (RELI.BO: Quote, Profile, Research) plans to partially shut its 660,000 barrels day (bpd) refinery for at least two weeks for routine maintenance in May-June, trade sources said on Tuesday.

The firm is expected to shut a 325,000-bpd crude distillation unit (CDU) and a near 100,000-bpd diesel hydro desulphurisation unit for maintenance, a trade source familiar with the operations said.

[Kuwaiti oil firm plans to add \\$300 mln investment in Indonesia](#)

JAKARTA (Xinhua) -- The Kuwaiti oil and gas company KUPPEC, a subsidiary of Kuwaiti Petroleum Corporation, would invest another 200 to 300 million U.S. dollars in Indonesia within 2 to 3 years, a KUPPEC top official said here Tuesday.

[Goldman Sachs Wins EU Approval for Constellation Energy Deal](#)

(Bloomberg) -- Goldman Sachs Group Inc., the largest adviser on mergers and acquisitions, won European Union antitrust approval to buy overseas commodities-trading assets from U.S. power producer Constellation Energy Group Inc.

[UK needs huge investment to secure power-study](#)

LONDON (Reuters) - Britain's power industry needs to invest at least 234 billion pounds (\$341 billion) by 2025 to secure supply and meet its targets for carbon emissions and renewable energy, a study by Ernst & Young showed on Tuesday. Ernst & Young upgraded its estimates for the investment required for the UK energy sector from its previous study last June, which put the figure at 165 billion pounds by 2020.

Steve Jennings, partner and head of Ernst & Young's power and utilities team, told Reuters the big difference came from a jump in costs for renewable generation and the nuclear build programme, which was not included in its last study. 'The cost of renewable generation has increased significantly,' he said, adding the costs for offshore wind came up to over 2,600 pounds per kilowatt hour from 1,900 pounds because of component inflation and the weakening pound.

[Gas prices fuel two-wheel frenzy](#)

Fueled by painfully high gasoline prices, 2008 saw many consumers looking for new alternatives to big-bucks fill-ups at the pump, according to the editors of Consumer

Reports. With rising interest in lower-priced two-wheelers that sip rather than guzzle gas and thousands of new riders on the road, CR tested small motor scooters and motorcycles for the first time since 1981.

[Low oil prices seen stalling clean energy](#)

Former President Bill Clinton and former Vice President Al Gore warned Monday against letting low oil prices lure consumers back into gas-guzzling cars, thereby stalling efforts to develop clean energy sources.

[NDP race hearing some new ideas](#)

While fossil fuels "will remain in the mix for some time", Pedersen argues we are now likely past peak oil (when demand outstrips supply), that we are enduring the massive price swings as a result, and perhaps now is the time to revisit farming practices. "There are people out there talking about the end of industrialized agriculture," he said, adding that if we are looking at electric cars, perhaps we should start looking at the viability of electric tractors.

[Evolution, Global Warming, Doomsday and the Afterlife](#)

Anyway, how can anyone get so traumatized by this latest series of existing and potential catastrophes, for in the 70's we muddled through the population bomb, limits to growth, potential nuclear winter, the Vietnam War, acid rain and two energy crises...and somehow recovered. In fact, nearly two decades after the Second Energy Crisis, crude oil in 1998 fell to the lowest on historical record (\$15.52/barrel in 2008 dollars, even lower than the \$18.29 of 1972), and there was nothing government, academics or politics did to orchestrate this drop. Further, another decade later the United States is now supremely unchallenged and oil is heading back to almost historic lows. Nuclear holocaust? Iran and North Korea will not precipitate a World War 3. Aside for this inconvenient economic collapse, things seem generally okay today.

[Kunstler: The Abyss Stares Back](#)

Among the questions that disturb the sleep of many casual observers is how come Mr. O doesn't get that the conventional process of economic growth -- based, as it was, on industrial expansion via revolving credit in a cheap-energy-resource era -- is over, and why does he keep invoking it at the podium? Dear Mr. President, you are presiding over an epochal contraction, not a pause in the growth epic. Your assignment is to manage that contraction in a way that does not lead to world war, civil disorder or both. Among other things, contraction means that all the activities of everyday life need to be downscaled including standards of living, ranges of commerce, and levels of governance.

"Consumerism" is dead. Revolving credit is dead -- at least at the scale that became

normal the last thirty years. The wealth of several future generations has already been spent and there is no equity left there to re-finance.

[Army Corps cracks down on flunking levees](#)

WASHINGTON — More than 100 levees in 16 states flunked maintenance inspections in the last two years and are so neglected that they could fail to stem a major flood, records from the U.S. Army Corps of Engineers show.

The 114 levees received "unacceptable" maintenance ratings in corps inspections, meaning their deficiencies are so severe that it can be "reasonably foreseen" that they will not perform properly in a major flood, according to the records, which were requested by USA TODAY. As a result, the corps is advising state and local levee authorities that the levees no longer qualify for federal rehabilitation aid if damaged by floodwaters.

[New study points to GM contamination of Mexican corn](#)

PARIS (AFP) — Genes from genetically-engineered corn have been found in traditional crop strains in Mexico, according to a new study likely to reignite a bitter controversy over biotech maize.

[NASA satellite mission to monitor carbon dioxide fails](#)

WASHINGTON (AFP) — The launch of a satellite to monitor global carbon dioxide emissions flopped within minutes of liftoff from a California air base Tuesday after the module failed to separate from the rocket, NASA said.

"It appears that there were problems separating" and the satellite "did not achieve orbit," said NASA TV announcer George Diller.

[Humans turning Indonesian rainforest into a tinderbox](#)

Human activities have turned the world's third largest rainforest region into a tinderbox that climate change will ignite. So concludes a new study of fire in the forests of Sumatra and Borneo in Indonesia.

[Monbiot - China's growth is no figleaf for the real source of CO2 emissions: the UK](#)

A new paper in Geophysical Research Letters shows that half the recent growth in

emissions, and one-third of China's total carbon pollution, should, in fairness belong to other countries, as they have been produced while manufacturing goods for export. By closing down our manufacturing industries and moving production to China, we have dumped our emissions in another country.



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