



## Drumbeat: March 22, 2009

Posted by [Gail the Actuary](#) on March 22, 2009 - 8:37am

Topic: [Miscellaneous](#)

### [Xcel dims power needs](#)

**The energy producer says it'll take bids, but for less output, which means solar and wind companies may lose out.**

Xcel will accept competitive bids from wind energy, concentrating solar power and natural-gas power producers, the utility said in its filing with the Colorado Public Utilities Commission.

Wind and solar companies criticized Xcel's decision to pit them against natural gas for a smaller power requirement, given the fuel's plummeting price in recent months, which could make it more competitive than renewables.

"This is possibly imposing an unfair situation," said Craig Cox of Interwest Energy Alliance, a Denver group that lobbies for the wind industry.

"When wind is competing against gas, I'd argue, rhetorically, 'What is the price of gas going to be in 10 years?' " he said. "But at the end it would depend on Xcel and what the market decides to do."

### [Lanco Infratech abandons plans to set up wind turbine facilities](#)

New Delhi: The flagship of Hyderabad-based Lanco Group, Lanco Infratech Ltd has shelved its plan to set up wind turbine manufacturing facilities due to the current economic slowdown, said a person close to the matter who didn't want to be identified.

Of India's total installed capacity of 147,000MW, wind-based power accounts for only 8,696MW, and most projects have a plant load factor, or efficiency, of only 10-15%. Some power sector analysts say the low efficiency is because the developers are interested in claiming depreciation benefits, not generating power. India, however, has a wind energy potential of 45,000MW and ministry of new and renewable energy hopes to increase wind power capacity to around 18,000MW by 2012.

A Delhi-based power sector analyst, who didn't want to be identified due to commercial considerations, said: "The wind power generation industry is going through a slowdown worldwide. Indian companies are finding it increasingly difficult to raise resources amid

such a demand slowdown.”

### [Bristol Community College Holds One-day Conference on Health Care and Peak Oil](#)

The conference is to take place on Tuesday, April 14, from 9 a.m. to 5:00 p.m. at the college's main campus in Fall River in the Jackson Arts Center. The conference fee of \$75 includes an all-organic lunch and refreshments, as well as the addresses and workshops. Continuing Education Units are available for nurses, social workers, and other healthcare providers. Information is on the Website at [www.bristolcc.edu/postcarbon](http://www.bristolcc.edu/postcarbon).

The morning sessions will begin with an analysis of “Peak Oil and the Economy” delivered by Richard Heinberg, Senior Fellow at the Post Carbon Institute, who is widely regarded as one of the world's foremost Peak Oil educators. . .

The second presentation will be given by Pittsburgh sociologist Dan Bednarz, Ph.D., who will speak on “Peak Oil's Impact on Medicine: The Coming Crisis.” . Jill Stein, M.D. will deliver the third address - “The Converging Crises in Climate, Food and Health: The Oil Connection.” . . The afternoon sessions will consist of alternating workshops offered by Dr. Bednarz - Sustainable Healthcare: A Post-Peak Oil Blueprint and Dr. Stein - Climate, Food and Health in a Post-Carbon World: The Way Forward.

### [U.N. Raises “Low” Population Projection for 2050](#)

The revision in the low variant's total fertility rate - the average number of children per woman - was due to a rise in births in Europe and the United States following years of an “artificially depressed” fertility rate, according to demographics expert John Bongaarts. This lower rate was a consequence of large proportions of women delaying pregnancy until later in their lives.

“During the ‘90s, while the average age at childbearing was rising, women became more educated, wanted a job,” said Bongaarts, vice president of the Population Council. “That artificial depression is now being removed as the average age of childbearing stops rising.”

The 2008 U.N. revision projects that the industrialized world will average 1.64 children per woman between 2005 and 2010, up from an average as low as 1.35 projected in 2006.

### [PSC — and consumers — take gamble on natural gas](#)

The Public Service Commission just made a big bet on natural gas, overruling consumer advocates and its own staff, by ordering utilities to buy much of next winter's gas at today's cost rather than waiting for prices to possibly fall even further.

Natural gas prices have plunged along with all energy costs. PSC staff, the Office of People's Counsel and Maryland utilities all wanted to buy gas as usual, filling pipes month by month between now and October and paying the spot price each time. Locking in now, they argued, would prevent utilities "from buying at even lower prices in the months to come," according to a PSC order filed Tuesday.

But the commissioners, having witnessed last summer's natural-gas spike, ordered BGE and other utilities to lock in 40 percent of next winter's needs at today's price. Consumers will still save a ton compared with this winter's cost, they said, and they'll be partly protected if another hurricane disrupts supplies this summer and fall.

### [Our view: Gas line do-over? State should stay the course](#) (On TransCanada gas line from Alaska to US)

It would be silly to base a project with such a long lead time and long life on year-to-year fluctuations in natural gas prices. If project viability depended on gas staying at last summer's record-breaking levels, the state could pull the plug right now -- but it doesn't.

Nor does the Alaska line require Lower 48 shale gas to stay locked in the ground. Shale gas is expensive; it requires a lot of wells. The huge volumes of gas that are ready to come pouring out of Prudhoe Bay can compete on price, even after traveling 3,000 miles by pipeline.

While Lower 48 gas prices have fallen from the stratosphere, other factors affecting an Alaska gas line are changing for the better.

The recession has cut the price of steel and labor. That helps hold down the cost of construction.

The nation elected a president who supports a cap and trade system for reducing greenhouse gas pollution. Natural gas burns much more cleanly than coal, so Lower 48 electric utilities and industrial plants have a big incentive to switch from coal to natural gas -- if they can get a secure source of supply.

### [EU, Ukraine Set to Overhaul Gas Network as New Gas Row Looms](#)

**The European Union and Ukraine are set to agree on a program of political reforms and physical repairs to the former Soviet state's gas network, officials said. But if Ukraine can't pay, Europe may not get any gas.**

One fifth of all the natural gas consumed in the EU flows through Ukraine's 13,500-kilometer (8,400-mile) network of gas pipelines. Some experts have said that the network will need some 2.5 billion euros (\$3.4 billion) in investment over the next six years just to keep the pipes and pumping stations in working order.

Analysts say that Ukrainian monopoly Naftogaz, which runs the pipeline system, is

having difficulties attracting the necessary investment due to a perceived lack of transparency both in its management and in Ukraine's top political leadership.

"I see a situation later this year where Naftogaz will not be able to meet its payment obligations to Gazprom because of its worsening financial situation," Robert Shetler-Jones from Swiss-based gas trader RosUkrEnergo (RUE) told Reuters news agency. RUE is owned by Russian gas giant Gazprom and two Ukrainian businessmen.

"If Ukraine continued not to pay, then this could have a serious impact on the European gas supplies," added Shetler-Jones.

### [Aid for Solar Firm Is First From 4-Year-Old Program](#)

The Energy Department has tentatively awarded its first alternative-energy loan guarantee, breaking a four-year logjam in the federal loan program.

The \$535 million guarantee will go to Solyndra Inc., which said it would use the money to expand its production of photovoltaic panels at its facilities in Fremont, Calif. The company said the guarantee would cover about 75 percent of the project costs and would ultimately produce thousands of construction, manufacturing and installation jobs.

Once the panels are installed and producing power, the company said, they will generate up to 15 gigawatts of electricity and save 300 million metric tons of carbon dioxide emissions.

The loan guarantee, which is still subject to final legal and financial approvals, comes under a slow-moving program originally authorized by Congress in 2005. The application process has been hindered by bureaucracy, including lengthy reviews of hundreds of applications for more than \$40 billion in loan guarantees.

### [Feinstein seeks block solar power from desert land](#)

California's Mojave Desert may seem ideally suited for solar energy production, but concern over what several proposed projects might do to the aesthetics of the region and its tortoise population is setting up a potential clash between conservationists and companies seeking to develop renewable energy.

Nineteen companies have submitted applications to build solar or wind facilities on a parcel of 500,000 desert acres, but Sen. Dianne Feinstein said Friday such development would violate the spirit of what conservationists had intended when they donated much of the land to the public.

Feinstein said Friday she intends to push legislation that would turn the land into a national monument, which would allow for existing uses to continue while preventing future development.

### [Energy Department spending \\$400 million on electric car programs](#)

The U.S. Department of Energy has begun accepting applications for two electric vehicle programs funded with \$400 million from the federal stimulus legislation.

The DOE has allotted the money to establish development, demonstration, evaluation, and education projects "to accelerate the market introduction and penetration of advanced electric drive vehicles." Applications are due May 13.

And the DOE also is accepting applications for grants to support the construction of U.S.-based manufacturing plants for building batteries and electric drive components and has made \$2 billion available for that program: the Electric Drive Vehicle Battery and Component Manufacturing Initiative.

The grants represent the first two energy-related programs funded through the \$787 billion federal stimulus package to take applications.

### [Oil firms could quit North Sea if there is no tax relief, MPs warned](#)

Oil industry leaders warned yesterday that companies could quit the North Sea for good if the UK Government did not provide immediate tax relief.

Bosses from industry body Oil & Gas UK told MPs in Aberdeen that 50,000 jobs could go if the government did not act swiftly.

### [UPDATE: UK Oil, Gas Exploration Faces Collapse - Industry Grp](#)

Investment and exploration in the U.K. North Sea oil and gas basin could collapse this year because of high costs and a funding drought, said the head of the country's oil and gas industry lobby Thursday.

Investment could have halved within two years and exploration and appraisal of new reserves in 2009 could fall to a third of the 2008 level, Oil and Gas U.K. Chief Executive Malcolm Webb told a special session of the U.K. parliament's Energy and Climate Change Committee in Aberdeen, Scotland.

"Since 2004, costs have doubled and the rate of tax charged on new developments has risen to 50%," Webb said. "With sources of credit drying up, the amount of capital available has drastically reduced and the falling competitiveness of U.K. projects means investment could halve in the next two years."

"To prevent these challenges in the short term wreaking long-term damage on the industry's productive capacity, Oil and Gas U.K. believes the government should take measures to unfreeze the flow of debt and credit facilities from banks," he said.

### [Venezuela To Increase Value-Added Tax To 12% From 9% -Chavez](#)

President Hugo Chavez said Saturday in a countrywide television broadcast that the government will increase the value-added tax to 12% from the current 9%.

The government will also almost triple its domestic debt issue plans to 34 billion bolivars (\$15.8 billion) from the previous forecast of VEB12 billion.

Chavez ruled out devaluing the currency, which is pegged to the dollar at rate of 2.15 bolivars. He also said that he won't increase the price of gas, which is among the cheapest in the world. . .

The government will also reduce its 2009 budget by 6.7%, shrinking it to 156.4 billion bolivars (\$72.7 billion).

### [S. Korea, Venezuela In MOU To Cooperate In Oil, Gas Devt](#)

South Korea signed a memorandum of understanding with Venezuela to jointly cooperate in exploring, developing, and producing oil and gas, said the Ministry of Knowledge Economy on Saturday. . .

Ramirez requested KNOC participate in development of an oil field that produces more than 200,000 barrels a day, located in the Orinoco Belt area.

The Venezuelan minister also requested South Korea participate in development of two gas fields.

### [Canadian Natural Resources Limited Announces First Shipment of Synthetic Crude Oil From Horizon](#)

On March 18th, 2009, Canadian Natural commenced first shipment of synthetic crude oil from Horizon to the sales pipeline. This is the next major milestone achieved by Canadian Natural after previously announcing first production of synthetic crude oil on February 28, 2009. Horizon is located 70 kilometers north of Fort McMurray and includes a surface oil sands mining and bitumen extraction plant with on-site bitumen upgrading and associated infrastructure to produce synthetic crude oil.

### [Yankee shutdown fund bill advances](#)

MONTPELIER – The House Natural Resources and Energy Committee approved a bill Friday forcing the owner of the Vermont Yankee nuclear power plant to put more money toward its decommissioning.

The 8-2 committee vote Friday came after weeks of testimony about Vermont Yankee's



decommissioning fund, which has dropped by nearly \$100 million in the last 16 months as the financial markets collapsed.

The decommissioning bill – which was opposed this week by Entergy Nuclear Vermont, the state's top two utilities and the Public Service Department – is expected to appear on the House floor for a vote late next week.

### [Denison halts mines, eyes options; shares plunge](#)

Shares of Denison Mines(DML.TO) plunged 20 percent on Thursday after the uranium miner suspended some of its operations and said it may have to sell assets to keep from violating a debt covenant.

The Canadian company will temporarily suspend production at its Sunday and Rim mines in the western United States, and will likely shut its White Mesa mill in May, once it produces the 500,000 pounds of uranium the company is under contract to produce in 2009. The mill would be expected to restart next year.

The announcement came as Denison announced a steep loss of \$56.8 million, or 30 cents a share, due to non-cash write-downs of \$59 million brought on by falling commodity prices and weakness in the company's shares.

Speaking on a conference call, Denison Chief Executive Peter Farmer said the company was in danger of violating a debt covenant tied to its profitability, and that the company was reviewing "strategic opportunities" to keep that from happening.

### [Areva cuts nearly 100 jobs](#)

A decision to hold back on mining a uranium deposit in northern Saskatchewan has put nearly 100 people out of work.

Areva Resources Canada Inc. said Thursday it has started issuing permanent layoff notices to employees at its McClean Lake property and its corporate office in Saskatoon. The company decided it is not economical to move forward with mining the Caribou deposit at McClean Lake, resulting in the dismissal of the employees, said Areva.

### [Homer Simpson in charge of mining regulation?](#)

VICTORIA - The province's handling of uranium mining brings to mind Homer Simpson's approach to operating a nuclear power plant.

And the stumbles could get expensive for taxpayers, if a disgruntled company does well in court. Uranium mining brings a classic clash of B.C. values - the resource sector, used to wresting wealth from the ground, versus the urbanites and retirees, who have never forgotten Three Mile Island and The China Syndrome. And who don't much like mining

near them in any form. . .

A large part of the whole problem is where the uranium lies. The most promising deposit, the Blizzard claim, is about 50 kms southeast of Kelowna. People did not move to the Okanagan to be near a uranium mine. . .

The efforts to deal with the issue are sparked by the activity around the Blizzard claim. Boss Power Corp., which owns the claim, sued last year after Krueger's announcement. We've got rights here, and potentially valuable uranium deposits, the company said. You can't just take them away because uranium mining is politically unpopular.

### [As Sarkozy fiddles, Areva's future hangs in balance](#)

The endless hesitation by the French president, Nicolas Sarkozy, on the future of Areva is costing the nuclear plant company dearly. The corporation, 90 percent owned by the government, has been stymied for two years while waiting for a decision from the state on how best to finance a multiyear, multibillion-euro investment program.

Anne Lauvergeon, Areva's chief executive, has long favored an initial public offering for the company. Mr. Sarkozy, when he was elected, seemed to favor a merger with Alstom, the turbine maker he helped save from bankruptcy five years ago as finance minister.

Sarko's aides have worked hard to convince him that the merger might not be such a good idea. But while the debate runs on, Areva has remained in limbo. It needs to find €10 billion, or \$13 billion, for capital expenditures over the next four years, including €2.7 billion in 2009. Add to this some €2 billion that the company would have to pay to buy out Siemens's stake in Areva's nuclear power plant division. The German company would have to sell after signing a deal with the Russian state nuclear agency that creates a powerful competitor to Areva.

The government has approved Areva's investment plan, but hasn't said where the money would come from. The state itself is strapped for cash. It wants Areva to sell its stakes in a string of French companies, from Total to GDF Suez, but those stakes have lost some €3 billion in value in the last year. That's the cost of indecision.

### [Uranium extraction to start in 2011- Ngeleja](#)

Tanzania accented its nuclear ambitions yesterday, saying plans were underway to start uranium extraction ready for the country to revert to one of the world's highly rated renewable energies. . .

Ngeleja said in case it was found that Tanzania had sufficient uranium for electricity generation, the government would embark on it, observing international laws on atomic energy use.





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