



## Drumbeat: March 28, 2009

Posted by [Gail the Actuary](#) on March 28, 2009 - 9:38am

Topic: [Miscellaneous](#)

### [Seeds of Revival in Wind and Solar?](#)

After several gloomy months, experts say that the stimulus package is beginning — just beginning — to revive interest in wind and solar power.

“I call this the green shoots period. We’re seeing new growth,” said Ron Kenedi, a vice-president of Sharp Solar, who noted that December, January and February had been “miserable.” . .

“I would characterize the situation as ‘the fog appearing as if it is starting to lift,’” Mr. Mataczynski said in an e-mail message. A good sign, he said: “Talk of additional projects that people are looking to build.”

However, he added, the industry is still looking for clarity on how a new Treasury grant program (an important stimulus measure for renewable energy that turns tax credits into straight grants) will work. “We are also noting that the financing of projects already slated to go forward is taking extra time to get done,” he said.

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### [S.D. company gives second life to old wind turbines](#)

Within the capital-intensive wind industry, there are a growing number of companies that specialize in bringing old turbines back to life, helping smaller customers save a little cash while going green.

Most of these windmills, once state-of-the-art, debuted on large California wind farms in the 1980s. . .

Many wind turbines are being decommissioned from some of California's oldest wind farms, having reached the end of their design lives, said Bent Kjellberg, the company's head of parts and logistics.

Some are being replaced with more powerful models, increasing the number of secondhand models on the market.

### [Mexico's February oil export revenues fall 56.4% year on year](#)

Mexico's February oil sales revenue plunged 56.4% year on year to \$1.66 billion, the National Statistics Institute, or Inegi, reported Wednesday. . .

Imports of petroleum products (gasoline, diesel and LPG) also fell sharply in February 2009, to \$1.348 billion, a 53.6% year-on-year drop, Inegi reported.

Pemex reported last week that Mexico imported 272,000 b/d of gasoline in February 2009, down from 339,000 b/d in February 2008.

### [Global oil demand may peak, forcing oil out as a fuel source](#)

In a report titled "The Beginning of the End for Oil?" Peter Hughes, a director of Arthur D. Little's global energy and utilities practice, cites three converging drivers likely to bring about changes in energy policy around the globe – perhaps resulting in an earlier-than-anticipated decline in demand for oil.

These are climate change, politically undesirable price volatility, and questions of security of supply. These factors are driving new public policies that "may well reduce the role that oil plays in the global energy mix sooner than many expect.

### [Nigeria's Crude Oil Earnings Crash by 50%](#)

The Nigeria National Petroleum Corporation (NNPC) has announced a shortfall in oil revenue from average 330 billion naira (US \$2.2 billion) monthly recorded in 2008 to about 150 billion naira (US \$1 billion) in January 2009, the Lagos-based Financial Standard newspaper reported on Friday.

Mohammed Bakindo, NNPC group managing director who disclosed this at a meeting between the Senate committee on petroleum (upstream) and stakeholders in the oil and gas industry on Thursday said it represents a 50 percent fall in the oil revenue flow compared to that of 2008. . .

The NNPC chief who said the development is not in the best interest of the country called for urgent measures by the government to protect the economy from collapse.

### [Russia plans to deploy troops in the Arctic: document](#)

Russia plans to turn the Arctic into its "leading strategic resource base" by 2020 and station troops there, documents showed Friday, as nations race to stake a claim to the oil-rich region.

The country's strategy for the Arctic through 2020 -- adopted last year and now published on the national security council website -- says one of Russia's main goals for

the region is to put troops in its Arctic zone "capable of ensuring military security."

### [Russia Capable of Becoming China's Biggest Energy Supplier](#)

"Russia is fully capable of becoming the biggest energy supplier for China in upcoming 15 years," Russian Deputy Prime Minister Alexander Zhukov said here Friday.

Zhukov made the remarks in addressing the China-Russia Investment Forum.

He stressed that the two nations should especially expand energy cooperation.

Last month, the two nations signed an oil-for-loan deal, under which China offered Russia US \$25 billion of long-term loan and Russia would supply 300 million tonnes of oil through pipelines to China from 2011 to 2030.

The two sides had also agreed on the construction of a pipeline from Russia's Skovorodino in its far-eastern Amur region to China's northeastern city of Daqing.

### [Venezuela Slashes Oil Investment](#)

State-owned Petroleos de Venezuela S.A. (PDVSA) has cut its investment plan for this year by almost 40 percent to \$12 billion, PDVSA Vice President Eulogio Del Pino told an industry group.

He said, however, that PDVSA "is maintaining its policy" of devoting at least 10 percent of its investment budget "to social development," state news agency ABN reported Thursday.

### [China Coal Energy Suspends \\$2.5 Billion Project on Weak Demand](#)

China Coal Energy Co., the nation's second-biggest producer of the fuel, will halt investment in a plant in northeastern China that may cost 17 billion yuan (\$2.5 billion) because of weak demand.

The company suspended the project in Heilongjiang province because "domestic and international economic conditions have significantly deteriorated," China Coal said in a statement yesterday. The project, which would produce 10 million metric tons of coal a year, will be less profitable in current markets, it said.

### [Canadian Oil Exports to US Drop](#)

Canadian crude oil exports to the US have declined due to lower world oil prices, a

severe winter and synthetic crude processor maintenance, industry sources said on Wednesday.

One trader said that crude oil exports could drop as much as 300,000 barrels per day by the end of spring, or about 15% of total crude exports of 2m bpd. Others said the decline was smaller.

As much as 75,000 barrels a day of dropoff is due to maintenance work on a coker at Syncrude Canada Ltd, which processes synthetic Canadian crude oil. . .

"With prices low, there's little incentive to perform maintenance. It's still cold. Then, with spring thaw, they load trucks half full," the trader said.

### [OPEC March oil output still above target-Petrologistics](#)

OPEC's oil output in March is expected to average around 1 million barrels per day (bpd) above its target as Iran and some other members pump above agreed levels, an industry consultant said on Friday.

Output from the 11 OPEC members with production targets is expected to average 25.9 million bpd, compared with a revised 25.93 million in February, Conrad Gerber, head of Petrologistics, told Reuters.

The estimate implies the group delivered on around 75 percent of 4.2 million bpd of output cuts agreed since last year, according to Reuters calculations -- less than the 80 percent found by many analysts for February.

### [Social critic James Kunstler offers a decidedly darker view](#)

The economic pains the United States has experienced in the last 18 months are nothing compared to what is coming, he claimed. Kunstler expects economic Armageddon to start in about four months. People are fooling themselves that the economy is showing true signs of recovery, he said.

"The American public has no idea what it's moving into and how disturbingly different it's going to be," Kunstler said.

Here is a sample of what he sees: the multitude of companies that are struggling to prop themselves up now will "roll over and die"; the stock market's "final rope-a-dope sucker rally" will fail and send it tumbling to the 4,000 level by the end of the year; other nations will no longer invest in U.S. treasury bonds, stripping the stimulus effort of fuel; and, in a prediction that hit the clean energy advocates at the conference hardest, the capital for investment in giant solar and wind farms won't materialize. . .

"We literally cannot restart the growth thing," Kunstler said.

### [Stimulus sparks surge in energy conservation industry](#)

A coming flood of federal stimulus money for Georgia's energy conservation industry has state officials scrambling to line up their buckets.

Small government offices have until Monday to draw up plans for spending more than \$200 million in new energy dollars announced two weeks ago.

And on Thursday, the U.S. Department of Energy announced even more energy money headed into the state.

To conservation advocates, it's manna from heaven.

### [Overrun by waste: Large agriculture operations add billions to our economy but what price are we paying?](#)

Five days a week, roughly 4.4 million gallons of water empties into these ponds along the Merced River. It is through these ponds that the plant's dirty water is meant to be cleansed. About half the water is spread across nearby reclamation fields, said Parlin. The rest seeps into the soil below where toxins, in theory, filter out. Leftover solids are trucked away and used as fertilizer.

But the ponds haven't been working as they should. They are leaching nitrates into the soil and groundwater -- nitrates that in some cases are high above the levels deemed safe by the California Regional Water Quality Control Board, which regulates wastewater discharges.

### [Washington County puts its energy into saving energy](#)

"We're like a 1.3 million-square-foot home," said communications officer Philip Bransford, referring to 30 facilities ranging from an animal shelter to health clinics to a jail. . .

Like Brian's home, the county's public services building saw its annual gas bill drop by about one-third from \$62,461 to \$39,090, after upgrading its heating, ventilation and air-conditioning system in 2005. Annual gas bills dropped 47 percent at the Jail and Law Enforcement Center after a similar upgrade, saving more than \$285,000 at today's rates. The animal shelter saw an even bigger drop -- 63 percent.

### [Climate Talks Look to U.S. Role](#)

When the Obama administration makes its debut in the international climate-change debate at talks next week, expectations will be high: Europe hopes the U.S. can help end

a standoff between rich and poor countries over how to share the burden of cutting carbon emissions.

"The arrival of the new U.S. administration will have a huge and positive effect on the negotiations," said Yvo de Boer, head of the United Nations Climate Change Secretariat, which is overseeing the talks. "This will be the first opportunity for the Obama administration to state what it expects and wants."

The summit in Bonn from March 29 to April 8, is one of several meetings this year aimed at drafting a successor to the Kyoto Protocol. That treaty committed 183 signatories to collectively reduce their emissions 5% from 1990 levels by 2012.

### [Overcrowding in Our Less and Less Natural Environment](#)

Concern over population growth and overcrowding are suppressed and discussion is banned by corporate, government and fellow-citizen pressure, as we're all expected to enjoy being crowded in and buy the story of progress.

It's time to tell it like it is, with heart and final rage perhaps, and encourage every honest person to join in.

My latest unease over population and overcrowding came as I watched a poignant movie from Spain made in 2001, "Mondays In The Sun," about working class dilemmas in the globalizing economy. As I saw the tenement buildings and lived the story of unemployed, struggling workers, three thoughts come to my mind, born of compassion and revulsion.

### [Bad News: Scientists Make Cheap Gas From Coal](#)

Electric cars have been getting a lot of buzz lately, but a more immediately viable transportation fuel of the future could be liquid derived from coal. Scientists have devised a new way to transform coal into gas for your car using far less energy than the current process. The advance makes scaling up the environmentally unfriendly fuel more economical than greener alternatives.

If oil prices rise again, adoption of the new coal-to-liquid technology, reported this week in Science, could undercut adoption of electric vehicles or next-generation biofuels. And that's bad news for the fight against climate change.

The new process could cut the energy cost of producing the fuel by 20 percent just by rejiggering the intermediate chemical steps, said co-author Ben Glasser of the University of the Witwatersrand in Johannesburg, South Africa. But coal-derived fuel could produce as much as twice as much CO<sub>2</sub> as traditional petroleum fuels and at best will emit at least as much of the greenhouse gas.

### [Nuclear-Power Industry Enjoys Revival 30 Years After Accident](#)



Thirty years after the accident at Three Mile Island, the nuclear power industry is moving ahead with plans to build a string of new reactors in the U.S., though the revival faces many uncertainties.

The crisis that erupted in the predawn hours of March 28, 1979, when a combination of worker mistakes and equipment malfunctions triggered a partial meltdown in the core of one of two reactors at a power plant near Harrisburg, Pa., was long thought to have sealed the fate of the industry in the U.S.

But rising concerns about global warming have set the stage for a comeback. Nuclear power can generate electricity without producing the greenhouse gases associated with energy sources such as coal.

### [The Carbon Cap Dilemma](#)

#### **Entergy's CEO on the politics and economics of tackling global warming.**

Mr. Leonard supports President Barack Obama's plan to slash emissions 80% by 2050. It sounds strange: Lobbying the government to tax your products is generally not taught in business school.

But then, a lot of companies stand to make a bundle off cap and trade. Once Congress puts a ceiling on emissions, and then allows businesses to sell any of its extra allowances that stand for the right to emit, it is essentially creating the world's largest commodity market -- in carbon-backed securities. These will be extremely valuable, and everything comes down to how the government chooses to distribute them.

Mr. Leonard thinks the allowances should be auctioned off, rather than given away. So does the White House. Then the billions in new revenues that cap and trade would raise every year should be returned to the public. "Ideally you want to recycle it all, give all the money back," he says.

### [CERA: Low Oil Prices Putting Supply Growth at Risk](#)

The collapse in oil prices could end up cutting the growth in future oil supply in half from what would have been anticipated during the high price period, according to a new study from Cambridge Energy Research Associates (CERA: undefined, undefined, undefined%), an IHS Inc. (NYSE: IHS: 42.66, -0.755, -1.74%) company. The Long Aftershock concludes that about 7.6 million barrels per day (mbd) out of total potential future net growth of 14.5 mbd from 2009 to 2014 are "at risk."

"The inventory of potential new oilfield developments, including fields that could be developed and brought online during the next five years, remains adequate to meet likely demand in the medium- to long-term," says CERA Senior Director Peter M. Jackson, an author of the report. "This, however, depends on sufficient and timely

investment."

The steep decline in oil prices has, so far, not been matched by an equal decline in the cost of developing new oil fields or in fiscal terms. This means the economics of a significant share of potential future oil supply growth have deteriorated to the point where it risks "being slowed down, postponed, or cancelled altogether.



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