



Putting on Blinders - the EIA Budget cuts

Posted by [Heading Out](#) on May 6, 2011 - 10:30am



Pit pony wearing blinders to limit what it can see, and so make it easier to control. ([Horse and Man](#))

If you read many of the pieces that I write here, you will soon notice that I am convinced that this country and most of the civilized world has a problem with future oil supply. That problem is getting worse rather rapidly, and this is causing the price increases that you have noticed every time you visit a gas station. It is popular and easy to blame the current increases on either [speculators](#) or the [“evil” oil companies](#). While both may play a role on the edges of what is going on, the harsh reality is that prices now are largely controlled by those nations who form the OPEC partnership. Saudi Arabia, who supplies the largest portion of OPEC oil, has said that [it is uncomfortable](#) with current oil prices, since they are getting high enough that they could cause another recession. However that did not stop them from [raising their prices in April](#) and they now [need the high prices](#) to help pay to keep Saudi Arabia from seeing any of the riots that are happening to other countries. One has to know how to separate the popular myths from the actual reality.

And if legislatures at both state and national level are to make the right choices about what to do as oil prices keep going up (bearing in mind that it was a cause of the major recession in 2008) they too need to know what is really going on. There are alternate strategies for changing domestic production and alternate fuels (such as the growing supply of natural gas) that could be a significant help in the near future. Some of those that seemed to be promising, don't always

work as fast as promised, as we found out with cellulosic ethanol. They (and the rest of us who try and explain what's happening) need to know not only what is going on, but as things change, what the effects of new rules events (such as banning drilling for a while in the Gulf of Mexico) are having on current and future supplies. It is only in this way the rational and useful steps to help get America, and the rest of the world, off this addiction to OPEC oil can be picked out, and put into place.

Because of the need to trim the Federal budget, different Federal agencies are cutting back on the services that they provide to the public. One of the most recent has been the Energy Information Agency who have just explained [in a press release](#), the cuts they are making. Bear in mind that this is the agency that is supposed to provide the information I have just said that we have to have. With a [tip to Gregor](#), the cuts that are occurring are given below, together with a comment.

Oil and Natural Gas Information

- Do not prepare or publish 2011 edition of the annual data release on U.S. proved oil and natural gas reserves.
- Curtail efforts to understand linkages between physical energy markets and financial trading.
- Suspend analysis and reporting on the market impacts of planned refinery outages
- Curtail collection and dissemination of monthly state-level data on wholesale petroleum product prices, including gasoline, diesel, heating oil, propane, residual fuel oil, and kerosene. Also, terminate the preparation and publication of the annual petroleum marketing data report and the fuel oil and kerosene sales report.
- Suspend auditing of data submitted by major oil and natural gas companies and reporting on their 2010 financial performance through EIA's Financial Reporting System.
- Reduce collection of data from natural gas marketing companies.
- Cancel the planned increase in resources to be applied to petroleum data quality issues.
- Reduce data collection from smaller entities across a range of EIA oil and natural gas surveys.

Electricity, Renewables, and Coal Information

- Reduce data on electricity exports and imports.
- Terminate annual data collection and report on geothermal space heating (heat pump) systems.
- Terminate annual data collection and report on solar thermal systems.
- Reduce data collection from smaller entities across a range of EIA electricity and coal surveys.

Consumption, Efficiency, and International Energy Information

- Suspend work on EIA's 2011 Commercial Buildings Energy Consumption Survey (CBECS), the Nation's only source of statistical data for energy consumption and related characteristics of commercial buildings.
- Terminate updates to EIA's International Energy Statistics.

Energy Analysis Capacity

- Halt preparation of the 2012 edition of EIA's International Energy Outlook.

- Suspend further upgrades to the National Energy Modeling System (NEMS). NEMS is the country's preeminent tool for developing projections of U.S. energy production, consumption, prices, and technologies and its results are widely used by policymakers, industry, and others in making energy-related decisions. A multiyear project to replace aging NEMS components will be halted.
- Eliminate annual published inventory of Emissions of Greenhouse Gases in the United States.
- Limit responses to requests from policymakers for special analyses.

In addition to these program changes, EIA will cut live telephone support at its Customer Contact Center.

So, here we are in a mess. Generally when you're in a mess it is a good idea to understand what the mess looks like, so that you can work out how to get out of it. But now that information is not going to be locally available. Yes there will still be the information from [the IEA](#), though it is not really comparable, and OPEC itself provides [Monthly Oil Market Reports](#), but that is a little less independent than most, and does not cover the internal production within this country that is a valuable tool to indicate how fast we are approaching the next crisis. (And the indications are that it may well hit right around the next election). And ignoring the information (or deliberately choosing not to collect it), is not going to affect the situation from developing, only perhaps possibly it might slow our noticing, but since we go to gas stations very regularly I think that is a bit doubtful.

At some point in the future, perhaps even that soon, politicians and administrators are going to complain "but nobody told us!!" and rush to blame the industry yet again. But the truth is, there was a group that was keeping the records, and who could tell those with the responsibility to fix it when there was a problem. And the Administration just closed it down. We will regret that lack of information and the warning messages that it would have brought.



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