



Drumbeat: February 18, 2012

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[British Gas owner stokes profit anger](#)

The backlash against the “big six” energy providers will intensify this week when British Gas-owner Centrica announces a profit leap in the face of growing fuel poverty and high utility bills.

Centrica is expected to unveil a group operating profit of about £2.5bn for 2011 on Thursday, up four per cent on 2010, according to consensus analyst estimates.

It comes against a backdrop of growing fuel poverty, with more than 5.5 million UK households spending at least a tenth of their disposable income on gas and electricity.

[British Gas shivers as profits fall by quarter after year of warmer weather](#)

British Gas, the country’s biggest energy supplier, will this week unveil a shock 25 per cent drop in profits for 2011.

In what will be its worst results for three years, British Gas profits will slump to £550million – equivalent to about £50 per household – reflecting unusually warm weather last year.

[SSE inks ten-year gas supply deal with Shell](#)

LONDON (Reuters) - SSE, one of Britain's six big energy suppliers, said it signed a ten-year gas supply deal with Royal Dutch Shell Plc, linked to prevailing prices in the natural gas market.

SSE said on Friday that the supply deal with Shell Energy Europe -- at 790 million cubic metres per year -- represents about 5 percent of its forecast typical annual gas needs.

[A "Crystal Ball View Of Europe In 2022"](#)

We are even happier to see that Tsvetkov has released a new one: a Crystal Ball view of Europe in 2022 which is his cartographic exercise in forecasting the political layout of

Europe. While it is mostly an exercise in irony, we have to admit that the probability of him being spot on is high to quite high. We would however point out that by 2022 the "Europe Union" will be a satellite region of Russia, or as it will be better known then, Gazpromia.

[BP idles large Washington state refinery after fire](#)

HOUSTON/SEATTLE (Reuters) - BP Plc idled production at its Cherry Point refinery in Washington state on Saturday, a day after a large fire broke out near the core crude oil unit of the third-largest plant on the West Coast.

The sole crude distillation unit, or CDU, at the 225,000 barrel-per-day refinery was shut following the one-hour blaze on Friday, said BP spokesman Scott Dean. All other units have been idled in warm standby mode ready for a quick restart.

[Oil Independence, America: One Last Chance](#)

Americans need to now now, before the election, what is at stake with energy prices.

We all need to do a little research to find out about fact and myth: the Myth of Peak Oil and the Fact of Bakken and ANWR. Learn about the land [topography] of the massive Bakken Oil Fields that are turning Montana & North Dakota into America's Energy Independence Salvation [even more prolific than ANWR] and at least 25 times bigger than originally thought. That drilling is all on private land in ND, as opposed to ANWR. So, I suggest we switch focus away from ANWR and make the Bakken the issue. Drilling is already going "gangbusters" in the Bakken. My Canadian readers already know all about the "Bakken Blessing," which also extends significantly into Southern Saskatchewan.

[What Happens After 'Peak Everything'?](#)

Those of us investing in the resource sector are likely to be very familiar with the concept of "peak everything" -- the notion that the world is running out of critical natural resources that can be economically mined. Oil, phosphorous, copper, coal, lithium, neodymium, water, and many others have all been prophesied as being past peak production.

A key caveat to the notion of peak everything is the issue of economics. If new technology can be devised to make these resources cheaper to extract, the whole issue of peak everything could be set to rest.

[Should not the world find a new source of energy?](#)

The crude oil has reigned supreme for most of the last century. But, the grim reality is

that peak oil is already here. The term "peak oil" doesn't mean that there isn't any more oil in the world.

It simply means that we have reached the point at which global oil production tops out, then starts to decline. And thus, the basic law of supply and demand virtually guarantees that oil prices will continue to climb higher and higher.

[Sudan police raid university dorm, arrest hundreds](#)

CAIRO (AP) — Sudanese police raided student dormitories at Khartoum's main university on Friday, beating and arresting hundreds of students in the latest crackdown on youth protesters, activists said.

[State's attorney appeals Vermont Yankee nuclear plant ruling](#)

(Reuters) - Vermont's Attorney General appealed on Saturday a federal judge's ruling that had prevented the state from shutting down its only nuclear power plant, escalating a two-year battle over state's rights and atomic energy.

Last month, U.S. District Court Judge J. Garvan Murtha ruled that federal law preempted a state law that would have shut the Vermont Yankee plant in March, at the end of its original 40-year operating license.

[Britain, France sign nuclear power deals at summit](#)

David Cameron and French President Nicolas Sarkozy put recent disputes behind them Friday to unveil a nuclear power deal and renew their own sometimes shaky political alliance.

[Record £2.8m fine for chemical plant emissions shames oil giant ExxonMobil](#)

ENERGY giant ExxonMobil has been forced to pay the biggest fine for an environmental offence in British history for failing to report greenhouse gas emissions from its chemicals plant in Scotland.

[Malaysian court asked to stop rare earths plant](#)

Malaysian activists said on Friday they had filed a court challenge to block a rare earths plant being built by Australian miner Lynas, which has stoked fears over radiation pollution.

[Santorum says Obama agenda not "based on Bible"](#)

A devout Roman Catholic who has risen to the top of Republican polls in recent days, Santorum said the Obama administration had failed to prevent gas prices rising and was using "political science" in the debate about climate change.

[Mom Who Made Son Walk to School Is Child Abuser -- Seriously?](#)

Valerie Borders, an Arkansas mom, made her 10-year-old son Nequavion walk to school after being suspended (for the fifth time) from riding the school bus. Was she congratulated? Nope. As per ABC News, Mom was charged with child endangerment and faces one year in jail and a \$1,000 fine.

...It was also coldish, 30 degrees, though in my home state of Michigan, that's a balmy spring breeze. Kids walk daily through cold and snow in our area. Stores also sell inclement weather apparel in kids' sizes, (Nequavion was wearing such a garment). Anyway, the concern wasn't weather as much as stranger danger or injury, said officer Lyle Waterworth. He encourages other helpful citizens to call the police when they see kids walking alone.

[Why \\$200 oil is the subprime mortgage of energy](#)

What does an oil price shock have to do with subprime mortgages? Well, consider this: the global economy found itself on the edge of the abyss in 2008 when reality — in the form of wildly overvalued mortgage securities — landed hard on the illusion that real estate-related investments were a guaranteed, perpetual cash machine.

So what do you think might happen when a different reality — in the form of wildly *undervalued* eco-services and energy-related externalities — comes crashing down on the illusion that there's no need to steer away from business as usual in an increasingly resource-strained world?

<http://www.bloomberg.com/news/2012-02-17/oil-set-for-biggest-2012-weekly-gain-on-u-s-economy-greek-aid-plans.html>>Crude Oil Rises to Nine-Month High Amid Optimism on U.S. Economy, Greece

"We've had a strong week and there's strong upward momentum," said Addison Armstrong, director of market research at Tradition Energy in Stamford, Connecticut. "The headlines are what's driving this market and if they point to a better economy, prices will rise. It looks like a Greek deal is going to finally get done."

[Peak Oil \(In Euros, That Is\)](#)

The euro's dwindling purchasing power is both a result of the Continent's financial woes and a factor tightening the screws. Worse, hot spots like Greece and Spain are particularly exposed due to a high dependence on oil imports. Geopolitics compounds

this: Greece relies on Iranian oil for 30% of consumption, says Bank of America Merrill Lynch. Contrast that with the U.S., where net imports of oil have fallen significantly.

[Has the United States beaten peak oil? Not so fast.](#)

In the past five years, warnings about peak oil have gained a lot of traction. U.S. oil production, after all, has fallen sharply since 1970. Global oil output has plateaued of late, even as China and India are demanding ever more crude. And that's all caused prices to soar.

Yet the recent shale-oil boom in North Dakota has some analysts brushing off this gloomy perspective. A new research note (pdf) from Citigroup argues that the recent surge in North American production has "buried" the peak-oil hypothesis. New drilling technology has allowed companies to extract oil from once-inaccessible shale rock, which has, in turn, allowed the U.S. to slash its oil imports dramatically. What's more, there are tantalizing shale deposits all around the world — in Argentina, Australia, and even France. So does that mean that, as the Citigroup analysts say, the peak-oil hypothesis is "dead"? Well, not so fast.

[Big Oil Wants to Kill the Keystone XL Pipeline](#)

With America on the verge of achieving energy independence in the next five years by dramatically expanding domestic energy production, why should anyone be surprised that it's Big Oil money that's out to kill the Keystone XL Pipeline to prevent competition.

[Is there really so much shale gas in the ground?](#)

Shale gas fever has overtaken America, but we have seen this sort of mania before.

In 2003 and 2004, a "hydrogen economy" was touted as the Next Big Thing. The United States was poised to run its 240 million cars and trucks on it some day, and wean itself off of oil. California would lead the way, putting half a million hydrogen vehicles on the road and building 200 fueling stations by 2010. Today, after the expenditure of around \$2 billion of public funds, the U.S. has just two-dozen fueling stations and 500 hydrogen vehicles, plus only modest progress in fuels cells. There is no longer mainstream discussion of a hydrogen economy.

[Gas buoys Qatar plans](#)

Five years ago, half a dozen cars at a traffic light in Qatar's capital Doha would lead to mutterings about how crowded the city was becoming. Now bumper-to-bumper traffic often clogs a seafront dominated by gleaming skyscrapers. At night, tastefully lit buildings exude opulence, and wooden dhows plying the water are the only obvious sign of the past.

But this change is nothing compared with the transformation that the country's rulers plan over the next decade. Throw in its aspirations to be a regional peacebroker, and it is no exaggeration to call Qatar the world's most ambitious country.

[Aramco, Pertamina mull refining, petrochem project](#)

(Reuters) - Saudi Aramco Asia Co Ltd, a subsidiary of oil giant Saudi Aramco signed an initial deal with Indonesia's state energy firm, PT Pertamina to look into building a refining and petrochemicals project in Indonesia, Aramco said on Saturday.

[Sudan, Saudi, and the cheering on the U.S. oil patch](#)

Consider the latest news from the Middle East and North Africa, and one grasps why many U.S. oil and geopolitical analysts are cheering what they see as a prospect that the country will seriously trim its oil imports.

At the *Financial Times*, Javier Blas describes a drop in Saudi Arabia's pivotal capacity for bailing out the global oil market in a pinch, quoting a new report by the International Energy Agency; the IEA says natural oil field decline has eroded Saudi's spare production capacity. Nearby in Iran, the standoff with the West has resulted in a 15 percent risk premium on top of market oil prices, writes *Bloomberg's* Ayesha Daya; traders worry of a loss of much oil to the market should the tension escalate.

[Barak Says Iran Sanctions Have Further to Go Before Military Strike Needed](#)

Israeli Defense Minister Ehud Barak called for "tight, ratcheted up" sanctions against Iran to force the country to abandon its nuclear ambitions and said the political process had further to go before a military strike.

"We're still in the sanctions stage and we expect them to become even more tight," Barak said at a press conference today in Tokyo at the end of a four-day visit. "I think there is consensus in most capitals of the world that Iran should not be allowed to turn into a nuclear military power."

[Syrian forces fire on funeral in Damascus, 1 dead](#)

BEIRUT (AP) – Syrian security forces fired live rounds and tear gas at thousands of people marching Saturday in a funeral procession that turned into a protest in Damascus, killing at least one person, activists said. It was one of the largest demonstrations in the capital since the 11-month-old uprising against President Bashar Assad began.

[London-based oil executive linked to 9/11 hijackers](#)

A Saudi Arabian accused of associating with several of the September 11 hijackers and who disappeared from his home in the United States a few weeks before the attacks on the World Trade Centre and the Pentagon, is in London working for his country's state oil company.

[Nathan Cullen chastised at Enbridge hearing](#)

Two days of hearings for Enbridge's Northern Gateway Project got off to a rocky start Friday in Prince Rupert, B.C., amid more opposition by First Nations and a prominent local politician.

[Moex Agrees to Pay \\$90 Million to Settle U.S. Gulf of Mexico Spill Claims](#)

Mitsui & Co.'s MOEX Offshore 2007 LLC will pay \$90 million to the U.S. and five states to settle pollution violations related to 2010 Gulf of Mexico oil spill while BP Plc (BP/) and its drilling fluid provider for the Macondo well agreed to dismiss claims against each other.

[Fire at Cherry Point refinery might boost gas prices](#)

CHERRY POINT, Whatcom County — A large fire broke out Friday at the BP refinery at Cherry Point, creating a plume of black smoke visible for miles.

[Shell Clears Major Hurdle in Its Bid for New Arctic Drilling](#)

In a crucial step toward the ultimate approval of new oil drilling off the North Slope of Alaska, the Interior Department on Friday tentatively approved Shell's plans for responding to a potential spill in the frigid Arctic waters.

[Crews continue work at Alaska well blowout site](#)

ANCHORAGE, Alaska - The state Department of Environmental Conservation says air monitors show that no natural gas has accumulated at the site of an exploratory well blowout on Alaska's North Slope.

A crew drilling on a lease held by Repsol E&P USA Inc. on Wednesday penetrated a pressurized pocket of natural gas at 2,523 feet. The resulting kickback spewed out gas and an estimated 42,000 gallons of freshwater-based drilling fluid onto three acres.

[Int'l arbitration panel tells Ecuador to hold off on \\$18B fine against Chevron in Amazon case](#)

QUITO, Ecuador — An international arbitration panel has provisionally ordered Ecuador not to allow Amazon rainforest residents to collect \$18 billion that an Ecuadorean court ordered Chevron Corp. to pay them for contamination.

[Goodnight Sunshine](#)

Germany once prided itself on being the “photovoltaic world champion”, doling out generous subsidies—totaling more than \$130 billion, according to research from Germany’s Ruhr University—to citizens to invest in solar energy. But now the German government is vowing to cut the subsidies sooner than planned and to phase out support over the next five years. What went wrong?

Subsidizing green technology is affordable only if it is done in tiny, tokenistic amounts. Using the government’s generous subsidies, Germans installed 7.5 gigawatts of photovoltaic capacity last year, more than double what the government had deemed “acceptable.” It is estimated that this increase alone will lead to a \$260 hike in the average consumer’s annual power bill.

[First Solar Climbs After Antelope Project Permit Issue Resolved](#)

First Solar Inc., the biggest maker of thin-film solar panels, climbed the most in three weeks after resolving a Los Angeles County permitting issue for a \$1.36 billion power project, paving the way for financing to resume.

[A Different Kind of Beekeeping Takes Flight](#)

Much of the honey eaten in the United States and Europe comes from the European honeybee. But *Apis mellifera* and the handful of other species in the honeybee family aren’t the only ones that make this sugary treat. A much larger and more diverse group called stingless bees also produce honey — and they’re creating a stir among beekeepers and researchers worldwide as pollinators and as a newfound source of food and medicinal products.

[The Obama Administration's War On Particulate Emissions](#)

Greg Ip has a piece in the Economist noting (surprise surprise) that the Obama administration’s Office of Informational and Regulatory Affairs takes a friendlier approach to environmental regulations than did the Bush administration version of OIRA.

[Heartland Institute faces fresh scrutiny over tax status](#)

The Guardian has learned of a whistleblower complaint to the Internal Revenue Service about Heartland’s 501(c)(3) tax-exempt status.

There was also a call from a group of climate scientists who have personally been on the receiving end of attacks from Heartland and bloggers funded by the thinktank, and whose email was posted online after a notorious 2009 hack, for Heartland to "recognise how its attacks on science and scientists have poisoned the debate about climate change policy," in a letter made available exclusively to the Guardian.

[Pro Tip: Even If Someone Has Faked A Damaging Memo About Your Organization, Don't Threaten To Sue Anyone Who 'Comments' On It](#)

Now, I don't care what you think of Heartland, climate change or anything along those lines. Whether you think it's a wonderful organization or an evil organization... one thing I would hope we could agree on is that *threatening people for "commenting" on documents with legal action, even if the documents later turn out to be fake, is not a good idea.*

[Carbon Trading Volume Rose to Record in EU December Permits](#)

Carbon trading in benchmark December European Union emissions permits had the busiest ever day yesterday as prices surged.

The volume of EU December 2012 carbon futures leaped 64 percent to a record 30,928 lots, or 30.9 million metric tons, on ICE Futures Europe in London. Open interest, or the number of outstanding contracts, rose by 1.4 percent to 353.1 million tons, exchange data show. The contract's price rose 7.7 percent yesterday, its biggest gain since Dec. 20.

[A Second Front in the Climate War](#)

Year after year, the world's nations gather to find ways to reduce carbon dioxide, the main greenhouse gas, with little meaningful progress. Frustrated by this slow pace, the United States and five other countries announced this week a modest but potentially game-changing initiative to cut three other pollutants that also contribute significantly to climate change.



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