



Drumbeat: December 14, 2012

Posted by [Leanan](#) on December 14, 2012 - 9:05am

[With a natural gas tax, everyone can benefit](#)

I'm talking about a tax on natural gas, imposed at the wellhead, that would effectively raise the price from current levels to those closer to the world price. The effect on chemical companies and power companies and other end users would be roughly the same as allowing unrestricted exports to drive up the price. But instead of the energy industry capturing all the windfall, much of it could be captured instead by the government.

The proceeds from this tax could be rebated to consumers to offset the impact of higher electric prices. Or they could be used to compensate workers in the coal industry for job losses suffered as a result of new air pollution regulations and conversion of coal-burning plants to gas. Or they could be used simply to lower the government's operating deficit or lessen the need for painful spending cuts or tax increases.

[Doctors Urge U.S. to Block Gas Export Terminals](#)

More than 100 physicians urged the Obama administration on Thursday not to approve the construction of liquefied natural gas export terminals until more is known about the health effects of hydraulic fracturing, the drilling process that has opened the way for a big increase in domestic gas production.

[Tougher Fracking Regulations Backed by 66%, Poll Shows](#)

Support for regulation of hydraulic fracturing has increased in the past three months, a sign that the gas-drilling practice is facing greater public scrutiny.

A Bloomberg National Poll found that 66 percent of Americans want more government oversight of the process, known as fracking, in which water, chemicals and sand are shot underground to free gas trapped in rock. That's an increase from 56 percent in a September poll. The poll found 18 percent favored less regulation, down from 29 percent three months ago.

[U.K. Government Lifts Ban on Shale Gas Fracking](#)

Britain ended a ban on exploring for gas with hydraulic fracturing, allowing Cuadrilla Resources Ltd. to resume the use of technology that caused earthquakes in 2011.

The U.K. has set up controls to curb the risk of quakes in developing shale gas, Energy Secretary Ed Davey said in London.

“Shale gas could have potential to help the U.K. to diversify its energy mix and provide an indigenous source of gas to support the move to the low-carbon economy,” Davey said.

[With U.S. awash in natural gas, why aren't fuel bills falling?](#)

Here's a question a lot of homeowners are asking: If there is so much cheap natural gas floating around the United States, why aren't people's fuel bills falling?

The answer is that fuel is only part of the fuel bill. A lot of what homeowners pay goes to building new power lines or tending to aging gas pipelines. In one recent rate case, a utility got a rate increase to cover pension costs.

[Natural Gas Drops Near 11-Week Low After Unexpected Supply Gain](#)

Natural gas futures fell to the lowest price in almost 11 weeks after a government report showed that U.S. stockpiles increased unexpectedly as mild weather cut demand for heating fuels.

Gas slid 1 percent after the Energy Department said inventories rose 2 billion cubic feet in the week ended Dec. 7 to 3.806 trillion cubic feet. Analyst estimates compiled by Bloomberg showed an expected drop of 3 billion. It was the latest seasonal supply gain since the week ended Dec. 30, 2005, according to department data compiled by Bloomberg.

[Oil Heads for Weekly Gain on China, U.S. Manufacturing Outlook](#)

Oil rose in London, heading for a weekly gain as a report signaled manufacturing may expand at a faster pace this month in China, the world's second-largest crude consumer.

Futures advanced as much as 1 percent and headed for the first weekly increase in three. A preliminary purchasing managers' index for China by HSBC Holdings Plc and Markit Economics showed a reading of 50.9, higher than a median estimate of 50.8 in a Bloomberg News survey. A figure above 50 indicates an expansion. U.S. industrial production probably climbed 0.3 percent in November, according to a separate Bloomberg survey before Federal Reserve data today.

[Cheaper gas drives down wholesale price index](#)

Cheaper gas drove down a measure of wholesale prices in November for the second straight month, a sign inflation remains in check.

The producer price index fell 0.8 percent last month, the steepest drop since May, the Labor Department said Thursday. That follows a 0.2 percent decline in October. The index measures the cost of goods before they reach the consumer.

[Consumers get break on lower gas prices](#)

Relief at the pump meant a drop in overall prices in November, according to the government's latest inflation reading.

The Consumer Price Index, the key measure of inflation, fell 0.3% during the month, thanks to the 7.4% drop in gas prices in November alone, the Labor Department said Friday. Overall prices were still up 1.8% compared to a year ago, but that's down from the 2.2% inflation rate recorded in October.

[No Opec movement a sign of the times](#)

The group has cast itself as a benign central banker for the world's crude, ensuring energy and economic stability with its 40 per cent share of global supply.

But Opec's influence over the world's energy supply is threatened today by a rise in North American resources, as well as a potential long-term shift towards cleaner forms of energy such as solar and wind.

Add to that the headwinds of a perilously slow global economy, a need for high oil prices to pay for ambitious spending programmes designed by oil-producing nations, and political disruptions inside Opec from a resurgent Iraq.

[Oil in for a crude awakening](#)

This morning, the price of oil, West Texas Intermediate crude, is around \$US86.00 a barrel. That's a hefty 10 per cent lower than where it was at the start of 2012 and 40 per cent down from the 2008 peak. It is no exaggeration to say that a crash in the oil price could be around the corner for good old-fashioned supply and demand reasons.

While no one is suggesting that the oil price will crash to \$US10 a barrel – the level that *The Economist* magazine boldly predicted a little over a decade ago – a sharp fall in oil prices over the next couple of years is compelling.

[The Peak Oil Crisis: Deep in the Heart of Texas](#)

In recent months the growing supply of “tight” oil in the U.S. produced by fracking has sent numerous organizations and publications into frenzies of exuberance as they described the good economic times that are about to come from so much domestically produced oil. This week the U.S. Department of Energy and even the U.S. Intelligence Community joined in with optimistic forecasts. A National Intelligence Council advisory group issued a report talking about a “tectonic shift” that could have the U.S. producing some 15 million barrels of oil per day and becoming a major energy exporter by 2020. This will cut oil prices, increase economic growth, and add millions of jobs.

Although the U.S. Energy Information Administration is not quite as enthusiastic as the intelligence folks, its latest forecast sees U.S. oil production increasing by 234,000 barrels a day (b/d) each year until 2019 when U.S. oil production reaches 7.5 million b/d before leveling off and then declining gradually for another 20 years to 6 million b/d by 2040. All is fine for the next 30 years. Even when production starts to decline, we really shouldn't worry because by then our cars will be so efficient that we can get along with much less gasoline.

[Bonus Cuts as Jobs Decline for Oil-to-Metal Traders](#)

Investment banks are cutting commodity staff for a second year and pay will probably drop for a third time as revenue declines, bonuses shrink and new regulations limit how much money traders can risk.

[Uganda and Kenya plan to build oil pipeline](#)

KAMPALA (Reuters) - Uganda and Kenya have revived plans for an oil pipeline to transport refined petroleum products between the two east African countries, a senior Ugandan official said on Friday.

Landlocked Uganda transports all its fuel - imported primarily through Kenya's Mombasa seaport - in tankers over several hundred kilometres of road. Officials say the method is unreliable, costly and damages roads.

[PetroChina Pays \\$1.2 Billion to Form Encana Joint Venture](#)

PetroChina Co. agreed to pay Encana Corp. C\$1.18 billion (\$1.2 billion) for a 49.9 percent stake in an Alberta shale formation as Asia's biggest oil producer steps up acquisitions of overseas oil and gas assets.

PetroChina will also pay C\$1 billion over four years to fund development of the project, Encana said in a statement yesterday. The accord follows Beijing-based PetroChina's agreement this week to pay \$1.63 billion for a stake in the Browse liquefied natural gas venture in Australia.

[Biggest China Deal Sours as Cnooc Ratings Hit 3-Year Low](#)

China's biggest foreign acquisition is underwhelming Wall Street.

Cnooc Ltd.'s analyst ratings have sunk to their lowest level in three years just as the Chinese state-controlled oil explorer prepares to buy Canada's Nexen Inc. for \$15.1 billion in a deal that escalates production expenses.

[Oman eyes broader role for private sector to create jobs, diversify from oil](#)

(Reuters) - When Oman unveiled a plan this year to build a large petrochemical complex alongside a \$6 billion refinery in the southern coastal town of Duqm, officials hailed the project as a step towards diversifying income and creating jobs.

Promoting new industries and expanding downstream oil operations such as petrochemicals have been a cornerstone of the Gulf Arab state's aim to cut its \$73 billion economy's reliance on crude oil exports and create jobs to combat unemployment, which the IMF puts at over 24 percent.

[Lukoil Sinks on Concern Spending to Cut Payout](#)

OAO Lukoil retreated from a 16-month high in New York on concern new investments outside Russia will limit increases in dividend payments from the nation's second-biggest crude producer.

American depositary receipts of Lukoil fell 2.2 percent to \$64.37 in New York yesterday, driving the first slump in eight days for the Bloomberg Russia-US Equity Index of the most-traded Russian stocks in the U.S. Futures expiring Dec. 17 on Moscow's RTS Index lost 0.3 percent to 149,270 as oil dropped on concern over the U.S. budget. Polyus Gold International Ltd., Russia's largest miner of the metal, slid the most in a month.

[Dueling Protests on Eve of Egypt's Referendum Vote](#)

CAIRO, Egypt — Both sides in Egypt's political battle hit the streets today ahead of a vote that will help decide the future of the largest country in the Arab world.

Supporters of President Mohammad Morsi are rallying outside a mosque, urging Egyptians to vote for a constitution that they say will bring stability to a country in political and economic crisis.

But opponents of the constitution are converging on the presidential palace from four different locations, arguing the charter opens the door to conservative Islam and threatens to restrict freedom of speech.

[U.S. to send troops, Patriot missiles to Turkey](#)

(CNN) -- The United States gave the go-ahead Friday to deploy Patriot anti-ballistic missiles to Turkey along with enough troops to operate them as the heavily embattled government in neighboring Syria again vehemently denied firing ballistic missiles at rebels.

The United States has accused Damascus of launching Scud-type artillery from the capital at rebels in the country's north. One Washington official said missiles came close to the border of Turkey, a NATO member and staunch U.S. ally.

[Abducted mother of Nigeria finance minister freed](#)

LAGOS, Nigeria (AP) — The mother of Nigeria's finance minister has been released five days after her abduction, an official said Friday, bringing an end to a family crisis which showed few people are out of reach of kidnapping rings in the oil-rich southern delta.

Paul Nwabuikwu, a spokesman for Nigeria's finance ministry, said in a statement that the mother of Finance Minister Ngozi Okonjo-Iweala was released Friday morning. He offered no other details and could not immediately be reached for comment.

[Vt. panel looks at shortage of cash to fix roads](#)

MONTPELIER, Vt. (AP) — A special panel appointed to look at the fiscal woes facing Vermont's transportation system is nearly done with a report to lawmakers on how to fix the problems.

The committee, which meets Friday, was set up by the Legislature to study what to do about the fact that gasoline tax revenues are declining because less gasoline is being sold.

[MrEnergyCzar: Chevy Volt Can Help Cope With Peak Oil](#)

For the past two years since the Chevrolet Volt's launch, it has topped Consumer Reports' owner satisfaction survey meaning this is one car with its share of fans.

There's no telling who is Volt fan number one, but one of the more ardent ones is MrEnergyCzar, a peak oil advocate who spends his own time and money to raise awareness for the Volt as one part of his arsenal of preparedness for the effects of oil production having crested past its prime.

[How a Texas neighborhood became hybrid heaven](#)

“This is one of the few places where you can see a Chevrolet Volt traffic jam,” laughs Scott Hinson, the lab director for Pecan Street Inc., an alternative energy project in Austin, Texas.

More precisely, Pecan Street is a one-square-mile neighborhood in Austin, Texas, that has become the heart of an ambitious project aimed at testing out alternative technologies – such as plug-in hybrids like the Chevy Volt as well as “smart grid” electric distribution – and also running an incredibly detailed analysis of how effective such technologies really are at reducing energy consumption.

[California planning low-carbon oasis where cars aren't king](#)

NEWARK, Calif. (Reuters) - Vacant industrial land near salt marshes and a derelict rail bridge seem like an odd setting for the beginnings of a lifestyle revolution in scenic California, but planners in the San Francisco Bay suburb of Newark view it as just that.

With an eye on the state's new land-use laws to cut carbon output, Newark's city council just voted to convert 200 acres owned largely by chemical companies into a development that should set the trend for a state bent on decarbonizing its economy, the world's ninth largest.

[UK's reliance on gas set to send business energy bills soaring](#)

The Committee on Climate Change (CCC) has refuted the government's argument that gas will provide a cheap source of electricity and heating in the future, arguing that the move will instead send energy bills soaring.

[U.K. Green Energy Plans Boost Power Bills 54% by 2020](#)

The U.K. government's effort to expand renewable energy generation will boost household electricity bills by 54 percent by 2020, according to a study by Bloomberg New Energy Finance.

The green energy program will account for about 40 percent of the increase with 28 percent more due to gains in wholesale power prices as the country shifts away from aging coal-fired generation, the London-based researcher said today. Grid upgrades account for most of the rest of the increase.

[Wind-Energy Group Backs Six-Year Phaseout for U.S. Break](#)

The wind-energy industry asked Congress to extend a tax break for six years, a time frame it said was long enough to cut costs and short enough to ease fears the credit will become a permanent part of the tax code.

The American Wind Energy Association, whose members include General Electric Co. and the U.S. unit of Siemens AG, offered the proposal yesterday in a letter to Senator Max Baucus, a Montana Democrat and chairman of the Finance Committee, and other members on the tax-writing panel.

[Canadian Solar Sees Growth From Selling Power](#)

Canadian Solar Inc., the solar-panel maker whose shares have dropped 77 percent in the past two years, plans to get almost half its revenue next year from selling solar farms after prices for panels collapsed.

The third-largest solar-panel maker, based in Guelph, Ontario, is developing about 260 megawatts of projects in the Canadian province that it expects to sell for C\$1.3 billion (\$1.3 billion) over the next 18 months, Chief Financial Officer Michael Potter said. Canadian Solar makes its photovoltaic products in China.

[The Great Schism in the Environmental Movement](#)

Leading the charge is a varied group of what I call modernist greens (others refer to them as eco-pragmatists). They are people with deep green bona fides, such as the award-winning U.K. environmental writer Mark Lynas, whose book *The God Species* champions nuclear power and genetically modified crops as essential for a sustainable planet.

[Disputes spring up over bottled water sources](#)

A four-year study released in 1999 by the Natural Resources Defense Council concluded that most bottled water is of good quality. Still, the environmental watchdog group's tests of 103 brands found some traces of contamination in 23. Similarly, a 2008 report by the Environmental Working Group, a public health watchdog, found 38 chemical pollutants in bottle of 10 brands of bottled water.

Both organizations and a 2009 report by the Government Accountability Office concluded that the Food and Drug Administration's oversight of bottled water is less stringent than the Environmental Protection Agency's regulation of public tap water.

[Q. and A.: Jeremy Irons and 'Trashed'](#)

A new documentary about the ultimate fate of just about everything we lug home from the mall opens on Friday in limited release in the United States. "Trashed," directed by Candida Brady and starring Jeremy Irons, delves into the less festive side of consumerism and waste disposal — overflowing landfills in England, a toxic trash incinerator in Iceland, a hospital for children with birth defects in Vietnam.

[Storm Recovery Won't Be 'Business as Usual,' Official Says](#)

Speaking in Lower Manhattan at a conference on waterfront restoration organized by the Municipal Art Society and Columbia University's Graduate School of Architecture, Planning and Preservation, Mr. Donovan said long-term redevelopment would go beyond repairs and "just recreating what was there."

He said the recovery would require building sturdier structures but also questioning whether rebuilding makes sense in some cases. He later told reporters that "the vast majority of communities can be rebuilt safely."

[Utilities eyed for climate change plans](#)

ALBANY — In the wake of Superstorm Sandy's devastation, a coalition of interest groups wants the state to require that public utilities prepare plans to protect systems from dangers posed by man-made climate change.

[No Get-Out-of-Jail-Free Card on Sea Level](#)

In essence, the paper found, the increase of snowfall will steepen the gradient from the top of the ice sheet to the ocean. The ice will not just grow ever higher, however. Instead, the increasing weight will exert increased pressure on ice as it flows downhill toward the sea, causing it to speed up. Icebergs breaking off into the ocean at the mouth of glaciers, and extra ice flowing into floating ice shelves, will return much of the increased snowfall to the sea.

The paper suggests that this effect will not entirely offset ice gain over the study period, which extended to the year 2500, but will offset 30 to 65 percent of it, depending on the exact assumptions used to set up the computer modeling. Those numbers suggest that the eastern Antarctic ice gain will not be large enough to counteract the water that will probably be pouring into the ocean in coming centuries from the ice melting in Greenland and western Antarctica.

[Rising Temperatures Threaten Fundamental Change for Ski Slopes](#)

Whether this winter turns out to be warm or cold, scientists say that climate change means the long-term outlook for skiers everywhere is bleak. The threat of global warming hangs over almost every resort, from Sugarloaf in Maine to Squaw Valley in California. As temperatures rise, analysts predict that scores of the nation's ski centers, especially those at lower elevations and latitudes, will eventually vanish.

[Global warming is not due to the sun, confirms leaked IPCC report](#)

To sum up,

The leaked IPCC report states that there may be some connection between GCRs and some aspects of the climate system.

However, the report is also consistent with the body of scientific literature in stating that research indicates GCRs are not effective at seeding clouds and have very little influence on global temperatures.

[Extreme weather leads to more belief that global warming is a problem, poll shows](#)

WASHINGTON — Nearly 4 out of 5 Americans now think temperatures are rising and that global warming will be a serious problem for the United States if nothing is done about it, a new Associated Press-GfK poll finds.

Belief and worry about climate change are inching up among Americans in general, but concern is growing faster among people who don't often trust scientists on the environment. In follow-up interviews, some of those doubters said they believe their own eyes as they've watched thermometers rise, New York City subway tunnels flood, polar ice melt and Midwestern farm fields dry up.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).