



# Drumbeat: December 26, 2012

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### New York City's Law Tracking Energy Use Yields Some Surprises

In courting tenants over the last six years, 7 World Trade Center has trumpeted its gold LEED rating, an emblem of sound environmental citizenship.

But when it comes to energy efficiency, the young 52-story tower is far from a top performer, according to data released under a city law that tracks energy use in New York buildings. It had a score of 74 - just below the minimum of 75 set for high-efficiency buildings by the federal Environmental Protection Agency's Energy Star program.

On the other hand, two venerated show horses from the 1930s, the Chrysler Building and the Empire State Building, sailed to an 84 and an 80 as a result of extensive upgrades of their insulation and mechanical systems.

And the MetLife Building, a 1963 hulk looming over Grand Central Terminal? It scored 39. Still, solace is at hand for MetLife's owners: the Seagram Building, Mies van der Rohe's bronze-toned 1958 masterpiece on Park Avenue, posted a 3.

Crude Rises as U.S. Lawmakers Prepare to Discuss Budget Measures

Oil rose in New York for the first time in three days as President Barack Obama will cut short his vacation for talks to avert spending cuts and tax increases that threaten the economy of the world's biggest crude consumer.

West Texas Intermediate gained as much as 0.7 percent before Democrats and Republicans convene tomorrow for talks aimed at avoiding more than \$600 billion in automatic measures known as the fiscal cliff, which are scheduled to take effect Jan. 1. Crude stockpiles in the U.S. probably fell last week to the lowest in 10 weeks as imports decreased, a Bloomberg News survey showed. The volume for all WTI contracts was down 85 percent on the 100-day average.

## Adnoc to offer cheaper diesel in Dubai

Abu Dhabi National Oil Company is expanding its fuel retail network into Dubai, bringing relief to loss-making retailers in the emirate and offering businesses access to cheaper priced diesel.

## <u>Vitol's Malaysian Unit to Sell Ship Fuel at Port Near Singapore</u>

Vitol Group plans to start sales of marine fuel, or bunkers, to a port in southern Malaysia as it seeks to supply ship owners that moved from Singapore, the world's second-biggest container port.

### Kuwait's oil exports to South Korea booming

Kuwait's crude oil exports to South Korea in November surged 74.4 percent from a year earlier to 14.06 million barrels, or 469,000 barrels per day (bpd), latest data released by the state-run Korea National Oil Corporation showed.

#### Kuwait's crude oil exports to China up 18.9 percent

BEIJING (KUNA) -- Kuwait's crude oil exports to China jumped 18.9 percent in November from a year earlier to 864,000 tons, equivalent to around 211,000 barrels per day (bpd), the latest government data showed.

## U.S. Northeast May Start 2013 Colder Than Normal, Rogers Says

Energy traders look to long-range forecasts to gauge potential fuel use. Below-normal temperatures in the large cities of the Midwest and Northeast may increase demand for energy to warm homes and businesses, pushing up natural gas and heating oil prices.

## Japan's JX sees Jan crude refining down 1 pct y/y

TOKYO, (Reuters) - Japan's top oil refiner JX Nippon Oil & Energy Corp plans to refine 6.33 million kilolitres (1.28 million barrels per day) of crude oil in January for domestic consumption, down 1 percent from a year earlier, a company executive said on Wednesday.

Its December crude refining for domestic consumption was estimated at 6.19 million kl, up 11 percent from the year-ago period but below a prior projection of 6.35 million kl (1.29 million barrels per day), Tsutomu Sugimori, the company's senior vice president, told reporters.

## BP to Supply LNG to Indonesian Utility for 20 Years From 2013

BP Plc signed an agreement to supply liquefied natural gas from its Tangguh plant in Indonesia to the country's state-owned electric utility PT Perusahaan Listrik Negara for 20 years.

BP will provide a total of 23.96 million metric tons of LNG, or the equivalent of 28 cargoes, during the contract to Listrik Negara starting in 2013, Johanes Widjonarko, deputy chairman at Indonesia's interim energy regulator SKMigas, said in Jakarta today. The fuel will be supplied through a floating storage and regasification unit in West Java, the agency said in a separate statement.

Rosneft Expects 2012 Oil Output Up 2.5% At 122 Million Tons

Russia's largest oil company, state-controlled OAO Rosneft (ROSN.RS), expects its crude output in 2012 to be up 2.5% from the previous year at 122 million metric tons from 119 million tons, the chief executive said Wednesday.

## LUKoil Cuts West Qurna-2 Oil Output Plan

MOSCOW (RIA Novosti) – Russia's largest privately-owned oil company LUKoil has cut its oil output plan for the West Qurna-2 oilfield in Iraq by 30 percent, LUKoil Overseas confirmed on Wednesday.

The plan was cut from 1.8 million bbl/d to 1.2 million bbl/d in line with an Iraqi request, LUKoil Overseas head Andrei Kuzyayev said.

## Pipeline blast, quake strike 2014 Olympics Russian host Sochi

MOSCOW (Reuters) - Russia's Black Sea resort of Sochi, which will host the 2014 Winter Olympics, has been hit by a gas pipeline blast and a mild earthquake, a government spokeswoman said on Wednesday.

Irina Gogoleva, of Russia's Emergencies Ministry, said no one was hurt and there was no apparent damage to the city's infrastructure after a 5.3 magnitude earthquake was reported at 0242 local time on Wednesday (2242 GMT on Tuesday).

<u>Ukrainian energy company to get \$3.7bn loan from China</u>

PanARMENIAN.Net - Ukraine's national energy company Naftogaz will receive a \$3.7 billion loan from China to finance a program to substitute gas with coal, the Ukrainian government's press office said on Wednesday, Dec 26, according to RIA Novosti.

## Iran Says 'Irresponsible' GCC Raises Regional Tensions

Iranian Foreign Ministry spokesman Ramin Mehmanparast said the six-nation Gulf Cooperation Council was risking a regional crisis with its unfounded criticisms and heightened military focus. The GCC this week announced it will coordinate air, land, and marine forces under one structure, Bahrain's Foreign Minister Sheikh Khalid Bin Ahmed Al-Khalifa said after a meeting of heads of state in Manama. Sheikh Khalid also called Iran's nuclear program a "very serious" threat.

#### Iran playing war games in Strait of Hormuz

Iran is planning naval maneuvers in international waters near strategic Strait of Hormuz, where one-fifth of world oil supply passes.

According to the official IRNA news agency, Iran's navy chief Admiral Habibollah Sayyari said the maneuvers will begin on Friday from the Strait of Hormuz to the northern part of Indian Ocean in an area of about 400,000 square miles.

## Iran claims to have stopped new cyber attack

A power plant and other industries in southern Iran that were targeted by Stuxnet computer worm has been successfully rebuffed and prevented from spreading.

Iran's nuclear enrichment efforts were hit hard in 2010 by the Stuxnet worm, which was also blamed for problems at industrial plants and factories.

Tehran accused Israel and the US of planting the malware.

#### Iraq impasse costing \$20 million a day

Iraq is losing US\$20 million (Dh73.5m) a day, cutting into the country's budget, after oil exports from the Kurdish autonomous region halted because a deepening political crisis is delaying payments.

At the heart of the dispute are fundamentally different approaches in giving foreign companies access to the fields.

## Aluminum Glut No Bar to Gains as Barclays Says Sell

The record glut in aluminum will be no bar to rising prices because of delays in getting metal from warehouses, even as Barclays Plc advises investors to sell and Morgan Stanley says it has the worst outlook of any commodity.

#### Sinopec, Conoco to study shale-gas in Sichuan basin

BEIJING -- Conoco signed an agreement with Sinopec Group, to study shale gas exploration in the Sichuan basin, it said on its website, marking the official entrance of a third major international oil company into China's shale gas industry.

#### Minister 'misleads' over fracking

In an interview on Radio 5 Live, Mr Hayes, said "the idea that that water will get into the main water table has been categorically denied".

"The claim that the water used in fracking gets into the aquifer was categorically refuted by the Durham University study earlier this year," he said.

However Prof Richard Davies, who led the study, said the water table can be contaminated if the drilling is too close to the water table.

#### Should Cities Ban Fracking?

Twelve years ago, the International Energy Agency predicted increased U.S. imports of natural gas and oil. This year, it claimed the United States will soon be a net exporter of natural gas and oil. Why the change in outlook? The United States figured out how to tap its unconventional energy resources by blasting chemical-laced water into "hydrocarbon kitchens" deep underground—a process you probably know as fracking.

But the United States has not figured out how to regulate this new era of fossil fuel extremism. Exemptions, trade secrets, and nondisclosures have allowed profit-making to proceed without adequate monitoring. At the state level, the same agency is often responsible for both regulating and promoting mineral development. The Texas Rail Road Commission's first priority is to get minerals out of the ground. Commissioners survive on campaign contributions from the oil and gas industry and host Facebook pages that openly demonize the EPA. Texas' inspectors are each responsible for more than 1,000 wells, and in 2010 nearly 140,000 out of 260,000 wells in the state went uninspected.

#### <u>Are 'green' vehicles more than a niche?</u>

After adopting an ambitious fuel-economy standard this year, the government and environmental advocates now face the more-complicated challenge of meeting the goals.

A new report by the Consumer Federation of America says that demand for hybrid and alternative-fuel vehicles is growing and will be sufficient to meet expected changes in the auto industry, but some experts disagree with this outlook.

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#### China opens world's longest bullet train line

BEIJING – China on Wednesday opened the world's longest high-speed rail line that more than halves the time required to travel from the country's capital in the north to Guangzhou, an economic hub in southern China.

The opening of the 1,428 mile-line was commemorated by the 9 a.m. departure of a train from Beijing for Guangzhou. Another train left Guangzhou for Beijing an hour later.

China has massive resources and considerable prestige invested in its showcase high-speed railways program.

## What wealthy Chinese want for Christmas: a bike

HONG KONG - Rich Chinese are buying bicycles that cost more than the average citizen makes in three years, motivated by nostalgia for the days when two wheels were the primary means of transport.

China is now the world's biggest auto market, but high-end bike sales are expected to grow by 10 percent a year as they become a status symbol for wealthy executives.

## Green energy can lead to stability and development

In the past few years, the GCC countries have individually dealt with the consequences of the close relationship between economic development and climate change. This issue has been significantly affecting economic and social development programmes as well as the provision of energy sources and economic diversification.

This new approach is called by some as the "green economy", based on the foundations of sustainable development that ensure the permanent supply of clean energy and raw materials necessary for growth — by preserving available resources without harming the environment and reducing the negative impact of climate change on development.

## People Hate Losses and That Affects U.S. Budget Talks

Many people have been interested in giving teachers an economic incentive to teach better, by telling them that if their students improve their test scores, they will get some extra money.

Unfortunately, the record is pretty mixed; if teachers are promised bonuses, students don't seem to do a lot better.

But consider an ingenious study by Harvard economist Roland Fryer and his colleagues, tweaking the usual way of creating incentives. Instead of promising teachers a bonus, researchers gave teachers the money in advance, and told them if their students didn't improve, they would have to give it back. The result? Student math scores shot up.

Why does a threatened loss of an advance payment have such a big effect, when

teachers aren't much influenced by the promise of a bonus? The answer lies in one of the central findings of behavioral economics, which goes by the unlovely name of "loss aversion." In short, the prospect of a loss focuses the human mind. Even if people don't care a whole lot about gains, they will work hard, and possibly fight, to avoid comparable losses.

## Food vs. Fuel in 2013

In coming days, the Environmental Protection Agency's to-do list will include setting a standard for the amount of advanced biofuels that refiners will be required to blend into gasoline and diesel supplies in 2013. The question is tricky because production in one category, cellulosic fuel from nonfood sources like corn cobs, stalks, wood chips and garbage, has not met the target set by Congress. The E.P.A. has the authority to adjust the quotas as needed, but the issue is complicated.

## In Hopes of Healthier Chickens, Farms Turn to Oregano

Off and on over the last three years or so, his chickens have been eating a specially milled diet laced with oregano oil and a touch of cinnamon. Mr. Sechler swears by the concoction as a way to fight off bacterial diseases that plague meat and poultry producers without resorting to antibiotics, which some experts say can be detrimental to the humans who eat the meat. Products at Bell & Evans, based in this town about 30 miles east of Harrisburg, have long been free of antibiotics, contributing to the company's financial success as consumers have demanded purer foods.

But Mr. Sechler said that nothing he had used as a substitute in the past worked as well as oregano oil.

## Pot farms wreaking havoc on Northern California environment

In June, Bauer and other agency scientists accompanied game wardens as they executed six search warrants on growers illegally sucking water from tributaries of the Trinity River. At one, he came upon a group of 20-somethings with Michigan license plates on their vehicles, camping next to 400 plants. He followed an irrigation line up to a creek, where the growers had dug a pond and lined it with plastic.

"I started talking to this guy, and he says he used to be an Earth First! tree-sitter, saving the trees," Bauer said. "I told him everything he was doing here negates everything he did as an environmentalist."

The man was a small-timer in this new gold rush. As marijuana floods the market and prices drop, many farmers are cultivating ever bigger crops to make a profit. They now cut huge clearings for industrial-scale greenhouses. With no permits or provisions for runoff, the operations dump tons of silt into the streams during the rainy season.

Scanning Google Earth in his office recently, Bauer came upon a "mega grow" that did not exist the year before -a 4-acre bald spot in the forest with 42 greenhouses, each

As Forests Disappear, Examining the Mechanisms of Their Death

LOS ALAMOS, N.M. – Everywhere, trees are dying.

The boreal forests of Canada and Russia are being devoured by beetles. Droughttolerant pines are disappearing in Greece. In North Africa, Atlas cedars are shriveling. Wet and dry tropical forests in Asia are collapsing. Australian eucalyptus forests are burning. The Amazon basin has just been hit by two severe droughts. And it's predicted that trees in the American Southwest may be gone by the end of this century.

But as this astonishing transformation of landscapes continues, scientists have a confession to make: They do not fully understand how trees die. Certainly warmer temperatures, lack of water and insects play a role. But in each region hit by heat, drought or bugs, some trees remain standing.

## Protected Tigers, Burning Bright

Tigers have delivered a bit of holiday cheer: populations are on the upswing, it turns out, in some protected areas in India and Thailand. In a field often dominated by news of felled forests and population declines, wildlife conservationists have taken heart from this development, while noting that tigers have a long, long way to go if they are to claw their way off the endangered species list.

## Pollution from car emissions killing millions in China and India

An explosion of car use has made fast-growing Asian cities the epicentre of global air pollution and become, along with obesity, the world's fastest growing cause of death according to a major study of global diseases.

In 2010, more than 2.1m people in Asia died prematurely from air pollution, mostly from the minute particles of diesel soot and gasses emitted from cars and lorries. Other causes of air pollution include construction and industry. Of these deaths, says the study published in The Lancet, 1.2 million were in east Asia and China, and 712,000 in south Asia, including India.

## Iraq urges Arab action on climate change

BAGHDAD: Iraq's most senior energy official called for co-ordinated Arab action on climate change while Egypt's environment minister proposed a regional green fund at a conference in Baghdad on Monday.

Deputy Prime Minister for Energy Affairs Hussein Al Shahristani warned of the risk of

flooding, and also pointed to desertification and sandstorms affecting Iraq in his call for regional efforts to combat climate change.

#### California Law Tests Company Responses to Carbon Costs

Nick Kastle, a company spokesman, said it would almost certainly pass on the new costs to makers of ketchup and frozen pizza, which would be likely to share the extra costs with consumers. "People nationwide are going to be affected by AB 32," he said.

But many economists said they think such a cost-centric analysis ignores the jobs and economic activity that the law could generate. Emission and efficiency standards for cars, buildings and appliances in California over the last four decades have succeeded in cleaning the air, making residents' per-capita energy use rate among the lowest in the country and spurring innovations and new industries, like the one that arose around catalytic converters.

#### Smaller Colorado River flows predicted

NEW YORK (UPI) -- A projected drop in the Colorado River's flow could disrupt longtime water-sharing agreements between farms and cities in the U.S. Southwest, researchers say.

Climate modelers at Columbia University report a predicted 10 percent drop in the river's flow in the next few decades may signal water shortages for some 40 million people who depend on the Colorado River Basin for water.

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