



## Drumbeat: March 20, 2009

Posted by [Gail the Actuary](#) on March 20, 2009 - 9:03am

Topic: [Miscellaneous](#)

### [Solar Power Capacity Grows 17% in the U.S., Says Industry Group](#)

The overall solar power production capacity reached about 8.78 gigawatts last year, up 17 percent from the 2007, according to SEIA's year-in-review report. The new installations for 2008 included 342 megawatts of solar-panel systems, 139 megawatts (thermal equivalent) of water heaters, 762 megawatts of pool heating (thermal equivalent) systems and 21 megawatts (thermal equivalent) of space heating and cooling equipment.

No commercial concentrating solar-thermal power projects came online last year, the SEIA said. . .

The SEIA looked at solar-panel installations by state and found that California led the country in installing 178.6 megawatts of new systems in 2008, followed by New Jersey with 22.5 megawatts and Colorado with 21.6 megawatts.

### [Calif. solar effort flags in frozen housing market](#)

California's ambitious solar-energy rebate program is slumping in the state's deep, prolonged housing crisis.

Builders of new homes filed 139 rebate applications in January and 159 in February, according to California Energy Commission data. That is down from 709 in December and 485 in November last year.

The solar program's slide reflects the mood in the economy and the downturn in the housing market, in which new-home construction fell to a record low last year as banks stopped lending and foreclosures spread. An energy commission official drew a direct link between stalled solar activity and the housing freeze.

### [EU energy companies get €1B subsidy for clean coal](#)

Some of Europe's biggest energy companies will get more than €1 billion from the European Union to test out controversial "clean coal" technology under a deal struck

Friday by EU leaders.

The EU's 27 nations agreed on a stimulus package that would invest €1.05 billion (\$1.42 billion) in building 13 carbon capture-and-storage projects that could allow European power companies to keep burning cheap coal as the region tries to slash greenhouse gas emissions. . .

The companies will have to show they have private funding and planning permission for the plants before the end of 2010 to get the money.

### [EnBW, Swiss BKW detail German coal power plant plan](#)

Southwestern German utility EnBW and Swiss peer BKW FMB firmed up long-standing plans for a new coal-fired power station to be built jointly at Doerpen in north Germany. . .

The plans would provide for an option to use so-called combined heat and power (CHP) generation, which recycles heat from the process rather than just releasing it into the air.

A further provision will be made to allow for future use of so-called carbon sequestration (CCS) by allocating space for installations at the plant to scrub off, or capture CO<sub>2</sub>, once technology to do so is mature enough to be employed.

### [Turning toxic coal ash into bridges, buildings](#)

To reduce the need to store the materials, the EPA promotes beneficial reuse of coal combustion products such as fly ash, bottom ash and boiler slag.

" 'Waste' is such a bad term," said Chett Boxley, a chemist at Ceramatec, a research company in Salt Lake City, Utah. "It's really not waste at all. It's a material waiting to be made into a great product." . .

In 2007, more than 80 percent of coal-plant boiler slag was utilized, mostly for sandblasting or as the grit on roofing shingles. Forty percent of bottom ash became a gravel substitute, fill for embankments or ice control agent, according to the coal ash group.

"Use of coal ash as structural fill is a very, very dangerous use of ash," said Evans, who recently visited the Tennessee spill site. "If you're talking about putting ash in quarries to fill a void, that's a very dangerous use of coal ash."

About 44 percent of fly ash found uses, mostly as a substitute for some of the Portland cement in concrete, a use the EPA especially encourages because any heavy metals in the ash are trapped forever.

[Study: Microwind turbines a tough sell in Mass.](#)

The Massachusetts Renewable Energy Trust commissioned a study last year to review electricity output from 21 small wind turbines in the state and the results were surprising: the data showed that the estimated production was about three times higher than the turbines' actual production.

The analysis is not the final word on small wind generators, but is significant because few states have done similar reviews, say the study's authors. . .

The problem is not that the technology doesn't work. Aerovironment's roof-mounted turbines installed at Boston's Logan airport and other spots, for example, have performed well. The challenge is finding--and choosing--sites with sufficiently strong wind, particularly in cities.

[E. Iowa wind turbine plant announces layoffs](#)

A wind turbine assembly plant in eastern Iowa says its laying off 58 workers.

The West Branch-based Acciona plant says the economic downturn forced the cuts, which will take place in 60 days. That's despite tax credits extended to the wind power industry as part of the stimulus package enacted by the federal government in February.

Acciona says it'll take time those subsidies to translate into wind turbine orders.

[Haynesville Shale wells producing extraordinary numbers](#)

There are 266 wells permitted to drill in the Haynesville Shale. Forty-four of them are active and producing, according to data from Natural Resources.

Of those 44, eight produced from 100 million to more than 700 million cubic feet of natural gas in December.

Ray Lasseigne, president of TMR Exploration in Bossier City, said these wells are producing phenomenal numbers, especially compared to conventional, vertical wells drilled in other natural gas formations, like the Elm Grove and Caspiana fields.

A good well in those fields could produce 2 million to 3 million cubic feet of natural gas a day, Lasseigne said.

"Obviously, the shale wells are up to 10 times better than the typical wells drilled over the last five or six years," he said. "These are phenomenal wells. Even the major players are pleasantly surprised by the quality of these wells."

## [Shale Plays Gone Wild - The Haynesville](#)

Development of the Haynesville shale is progressing so quickly that it may be hard for the region's infrastructure to keep up with the production from the area. Regency Energy Partners (Nasdaq:RGNC) just obtained financing from several outside partners, including a unit of General Electric (NYSE:GE), to build an extension onto its existing pipeline in Louisiana. Regency said that it already had commitments for 84% of the pipelines capacity even though it won't open until the end of 2009.

The Haynesville shale attracts both large and small energy companies.

## [Schlumberger making expansion announcement](#)

Schlumberger Ltd., the world's largest oil field services company, is expanding its operation in Shreveport.

Company spokesman Stephen Harris would not provide details, but says an announcement will come later Friday involving a 250,000-square-foot expansion in the city. Shreveport is close to the Haynesville Shale, a major natural gas find and considered one of the largest new domestic fields in years in the United States.

## [Oil at sea fills 40 supertankers: Frontline](#)

Oil storage at sea has not fallen much due to a shrinking contango in oil futures markets, Frontline (FRO.OL), the largest oil tanker shipping company, said Friday.

Frontline acting CEO Martin Jensen told Reuters there were currently around 40 very large crude carriers storing oil offshore. Each supertanker can store around 2 million barrels. Combined, the supertankers could be storing 80 million barrels, or nearly one day's worth of global oil supplies.

Jensen last estimated on Feb. 23 that crude oil storage at sea was at least 80 million barrels.

The estimate signals that the recent rise in prices for prompt crude had yet to sharply cut the number of supertankers storing oil, as some oil and shipping analysts have suspected.

## [Oil recoups losses after ship collision](#)

Oil hovered above a four-month high today at \$52 a barrel, recouping earlier losses as the market sought a new base above \$50 and after news of a ship collision in the key Strait of Hormuz shipping lane.

The market surged on Thursday to \$51.61, its highest settlement since 28 November, after the US Federal Reserve announced a plan to buy long-term government debt and the dollar fell, boosting investor appetite for commodities.

"The sentiment that the economy may improve and that the Fed's moves may be inflationary has crude trying to put in a base above \$50 after breaking out of its recent range," Gene McGillian, an analyst at Tradition Energy in Connecticut, told Reuters. . .

"There is no disruption to shipping traffic in the strait. Both ships are operating under their own power and have passed through the strait," a US Navy spokesman told Reuters.

### [Obama offers Iran a 'new beginning'](#)

US President Barack Obama offered Iran a "new beginning" of diplomatic engagement, offering to turn the page on decades of US policy towards America's long-time foe.

"My administration is now committed to diplomacy that addresses the full range of issues before us, and to pursuing constructive ties," Obama said in a videotaped message released to select Middle East broadcast outlets this morning. . .

Reaching out directly to Iranian leaders and their people, Obama said: "This process will not be advanced by threats. We seek instead engagement that is honest and grounded in mutual respect."

### [Fluor Says Kuwait Halts \\$2.1 Billion in Refinery Work \(Update2\)](#)

Fluor Corp. said the Kuwait National Petroleum Co. canceled its contract for the Al-Zour refinery project and the remaining \$2.1 billion in work will be removed from first-quarter backlog. . .

Al-Watan reported this week that Kuwait planned to scrap the project, citing the emirate's Prime Minister Sheikh Nasser al- Mohammed al-Sabah. The country notified South Korean builders of the cancellation yesterday, saying the refinery is no longer economically viable as oil prices have fallen more than 50 percent from their peaks.

### [IEA report rains on Cantarell parade](#)

The Paris-based International Energy Agency (IEA) said today that Mexican state-run giant Pemex has an overly optimistic outlook for the giant Cantarell oilfield. . .

In its latest monthly Oil Market report, the IEA predicts average production of around 600,000 barrels per day at Cantarell this year, compared with Pemex' target of 756,000 bpd.

### [Crisis could boost emissions long term: IEA](#)

The economic crisis may lower carbon emissions in the short term but will raise them over the long term by crimping investment in cleaner energy sources, the International Energy Agency's chief economist said on Thursday.

The impact of the financial crisis and the ensuing economic slump on energy investments had been "stronger than anyone expected" and significant enough to have an impact on climate change and the whole energy supply chain, warned Fatih Birol.

"To think that lower economic growth is good for the environment is completely wrong," Birol told Reuters.

"Because there are many investments that are good for the environment, like efficiency, renewables and nuclear, that are being postponed or canceled. One or two years of lower carbon emissions won't count for much at the end of the day."

### [US IS Salazar says no 'war' on energy companies, asks for cooperation](#)

There is no "war on the oil and gas industry" by the Obama administration, Interior Secretary Ken Salazar told the American Petroleum Institute's board Thursday, saying instead he needs the industry's help in "an honest accounting" of US natural resources under the Outer Continental Shelf.

Salazar, citing the expense of gathering seismic data for offshore resources, asked for more assistance from the petroleum industry in gathering an inventory of available resources in the OCS.

"Our data about oil and gas resources is either out of date or doesn't exist," he said in remarks at the trade group's Washington headquarters, according to a transcript released by the Interior Department.

"In the Atlantic, our limited seismic data is two or three decades old. This is a challenge we need your help to address."

### [Venezuela, Japan to strengthen oil partnerships](#)

The two nations signed an agreement to cooperate in exploration, production and other areas, according to a statement Thursday from Venezuela's Energy Ministry.

The two countries plan to expand and operate refineries and petrochemical plants in Venezuela. The statement also said President Hugo Chavez will visit Japan on April 6.

Venezuela's state oil company says four Japanese companies are considering investment in heavy oil projects there.

### [Venezuela to announce economic measures on Saturday](#)

Venezuela's President Hugo Chavez will announce a series of economic measures this weekend to offset lower oil revenues and the impact of the global financial crisis, the socialist leader said on Thursday.

Chavez did not hint at what the measures to be revealed on Saturday might include, but the high-spending president promised he would protect social programs and investment in infrastructure and housing. . .

Chavez made no mention of devaluing the bolivar currency, which many economists say is needed to help cover a budget shortfall caused by the sharp drop in oil income.

Last week, Chavez complained that subsidies on water, electricity and gasoline -- which is among the cheapest anywhere in the world -- unfairly helped the rich, suggesting price rises might be on the cards.

### [Obama: Investment in energy research creates jobs](#)

President Barack Obama on Thursday said his administration's plans to invest heavily in energy research during hard times will create the kinds of jobs and technology the United States needs to survive economically.

"I know it's not easy," Obama told employees at an electric-car plant here in California, home of a giant and hurting economy. "There are days I'm sure when progress seems fleeting and days when it feels like you're making no progress at all. That's how it feels in the White House sometimes, too."

The president defended pumping billions of dollars into energy research, saying that sometimes great discoveries don't happen in a flash of brilliance, but rather as the result of a deliberate effort over time.

### [Obamas to Plant Vegetable Garden at White House](#)

WASHINGTON — Michelle Obama will begin digging up a patch of the South Lawn on Friday to plant a vegetable garden, the first at the White House since Eleanor Roosevelt's victory garden in World War II. There will be no beets — the president does not like them — but arugula will make the cut.

While the organic garden will provide food for the first family's meals and formal dinners, its most important role, Mrs. Obama said, will be to educate children about healthful, locally grown fruit and vegetables at a time when obesity and diabetes have become a national concern.

### [Want to pitch an energy idea? Get in line](#)

"What's happening in energy and carbon, what's being contemplated is nothing short of transformational," said Steve McBee, CEO of McBee Strategic Consulting, a lobbying firm with 31 clients interested in energy. Bills planned on energy and climate in Congress, he said, represent "an attempt to fundamentally shift the market."

"There's enough momentum and political will," McBee said, adding that Congress and President Obama "have a fighting chance of getting it done."

Momentum on changing energy policy began in the last two years, as state after state passed regulations promoting renewable energy. The private sector started shifting toward green power production, but that movement stalled with the economic crisis, several lobbyists and energy experts said. With credit dried up and venture capitalists ceasing investments, companies that need money for power projects are turning to the federal government.

### [Motorists Pared Driving in January. Extending Drop \(Update1\)](#)

U.S. motorists cut back on driving for a record 14th straight month in January as Americans pared travel and spending with unemployment on its way to the highest in more than 25 years.

Vehicle miles traveled fell by 7 billion, or 3.1 percent, from January 2008, the Federal Highway Administration said in a report today.

### [Brazil Conducts Energy Pow-Wows for Exploration Offshore Cuba](#)

According to a Dow Jones report, citing Brazilian Mines and Energy Minister Edison Lobao, oil giant Petrobras may commence drilling offshore Cuba within a year. Petrobras' International Director, Jorge Luiz Zelada, also confirmed in January that the company is focusing on conducting seismic surveys in Cuban waters.

Brazil and Cuba are still negotiating, the talks of which need to be finalized before the drilling can begin, the report stated. The two countries' state-run companies, Petrobras and Cubapetroleo (Cupet), have already signed a 32-year oil exploration and production agreement, which involves a seven-year exploration pact in Cuba's offshore Block 37, reports Dow Jones.

### [Outrage fires up regulation sentiment](#)

Maryland lawmakers are criticizing Constellation Energy Group's plans to award up to \$32 million in performance and retention payouts to top executives during the next two

years, saying yesterday that the payments ignore the financial struggles of utility ratepayers and shareholders amid the recession. . .

"It is hard to accept the necessity of paying \$32 million in retention bonuses during record unemployment," he said.

When Constellation agreed to sell half of its nuclear power business to France's largest utility for \$4.5 billion, it negotiated a deal to ensure that senior managers would receive the long-term performance and retention awards they would have received under a previous deal with Warren Buffett.

After agreeing to sell itself to Buffett's MidAmerican Energy Holdings Co. to avert a near-bankruptcy last fall, Constellation dumped that deal in favor of Electricite de France's bid in December.

Constellation has laid off more than 800 workers, slashed its shareholder dividend by half and is seeking the rate increase for BGE's 1.2 million customers.

### [Deep Water Oil Drilling Scaled Back, May Tighten Crude Supplies](#)

Oil and gas explorers postponing or scrapping deep water drilling projects are potentially reducing crude supplies by as much as 2.4 million barrels a day in 2011, Morgan Stanley said.

Deep water ventures that were planned as of August would have added 6.3 million barrels a day to global oil supplies, and so far projects that would have provided 2.4 million barrels have been canceled or delayed, analysts Martijn Rats and Robert Pulley said in a report today. The amount of future production lost is about 90 percent of India's demand.

"Lower oil prices and the weaker credit market have had a detrimental impact on the offshore construction market," the analysts said. Contracts for new floating platforms may halve to 10 this year from 19 last year, they said.

### [CNPC, Chevron Held Talks on US Oil Field Stake Buy](#)

China National Petroleum Corp. has spurned a chance to secure a first foothold in the U.S. oil sector following an approach by Chevron Corp. to buy a stake in a Gulf of Mexico oil field, a CNPC official said.

San Ramon, California-based Chevron allowed China's biggest state-owned oil company by capacity to review technical data on the Big Foot oil field before a CNPC delegation traveled to the U.S. for initial discussions in the past month.

"Talks with Chevron are currently on hold. We wanted more equity than the 12.5% stake it was proposing to sell," the official said on condition of anonymity.

## [Tax plan worries oil producers](#)

WASHINGTON - The chairman of the Texas Alliance of Energy Producers warned lawmakers Thursday that proposed tax changes could deal a deathblow to small, independent producers and cause the industry to bleed jobs in an already struggling economy.

Repeals and changes in tax provisions President Obama proposes in his 2010 budget would also squelch U.S. production, TAEP Chairman Mark Metzler said.

"This decrease in domestic production will occur much faster than our nation's ability to replace oil and gas with renewable energy sources," Metzler, chairman of TAEP, told lawmakers in Washington during a small business forum. "As a consequence, expensive imported energy will be required to replace the energy we could produce here."



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