Daily As-Yet-Unnamed-Set-Of-Links - Tuesday October 23 2007

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Topic: Miscellaneous

Rod Oram (Sunday Star Times) - Fossil Fools

> Business lobby groups are blowing their last vestige of credibility in their flat-earth rejection of the government's energy and climate change policies. They seem to occupy a parallel universe totally divorced from world reality, judging by their open letter to government last Wednesday. You would think the raft of game-changing factors businesses overseas are grappling with would have had some impact on their thinking. For starters they might have stopped for a minute to consider, for example:
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> # a world oil price approaching $US90 a barrel
> # certainty that fossil fuel prices will only keep rising because of expanding demand and shrinking supply
> # rapidly rising public concern over climate change
> # an increasingly robust political response via the likes of charges on the carbon content of fossil fuels which will only push their prices up more
> # the real risk that environmental standards will be the next great trade barrier
> # we have no defence: we have the fourth-dirtiest economy in the OECD after Australia, the Czech Republic and Poland, measured by greenhouse gas emissions per $1000 of economic activity
> # we have one of the worst energy efficiency performances of any developed country because we've always squandered the abundant cheap energy we've had in the past which, for all the reasons above, we have no longer
> # quite simply, New Zealand's reputation and thus our ability to earn a living in world markets is seriously at risk.
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> Companies overseas are responding constructively to such energy and climate issues because they want to remain in business. Indeed, major insurance companies make it quite clear to them that their director and officer liability cover would be in jeopardy if they don't. Moreover, institutional shareholders, particularly in the US and Europe, are riding boards hard on these issues in order to help protect the value and future of their companies. Oh, for such rigour in New Zealand.
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> If our business lobbyists were sensible, they would push the government to act fast and effectively on a great competitive advantage the country has: by capitalising on our extensive sources of renewable energy, we can quickly uncouple the cost of our electricity from the fast-rising cost of fossil fuels and carbon. And in decades to come we could also start to do the same for our land transport too.
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> Fortunately, in the absence of any constructive engagement by business, the government has been doing the thinking for them. Roughly speaking, we need to add

about 150MW of electricity generation per year to meet rising demand and retirement of elderly plants. Handily, a total of 720MW of wind, geothermal and hydro has received RMA consents and is either being built or will be soon. In addition, a further 2800MW or so of renewables are in the consent process or in design and development phase prior to consent applications. And there is abundant resource on top of that. All up, we could increase our hydro generation by 25%, our geothermal four-fold and wind power 15-fold, which in total would allow us to generate twice as much electricity as we do now. ...

In addition to the issue of price of renewable electricity, the lobbyists also bang on about security of supply. Yes, renewables pose some challenges because of the variability of wind and rain, counterbalanced in part by the reliability of geothermal. But the solution is easy and two-fold. First, the government is perfectly happy to allow the building of some quick-start gas-powered generators to meet peak demands. It is opposed only to building any new fossil fuel plants over the next 10 years to meet base loads, and with good reason given the renewable potential.

Second is to make the national grid flexible, reliable and high capacity. The Energy Strategy reckons we need to spend $500m a year for the next five years to do so. An investment of $2.5 billion, or closer to $3 billion as some industry executives believe, is a bargain for the benefits it would deliver. And that's an increase from only $300m in the 2006/07 year, although it is a jump from the $100m a year in the previous decade of grid neglect.

Scoop.co.nz - Full Coverage: NZ Energy Strategy

Scoop.co.nz - Energy Strategies Improved, But Much More Needed

Ian Dunlop, The Age - Climate change is a war that we must fight

The planet's ability to absorb the impact of humans is at its limits.

BEFORE casting their votes next month, Australians should reflect long and hard on the real priorities the nation faces. These are not tax cuts, industrial relations, the economy, interest rates or the stockmarket, but the very survival and sustainability of our society and the planet.

With the global population heading from 6.5 billion today towards 9 billion by 2050, we are already exceeding the ability of the planet to absorb the impact of human activity. The immediate sustainability priorities are water, climate change and the peaking of global oil supply. But our leaders, having supposedly crossed the threshold of accepting that sustainability, in particular climate change, is a serious issue, seem to believe it can be solved by minor tweaking of business as usual. That is demonstrably not the case.

In Australia, the drought is worsening, capital city water supplies are deteriorating and the beginning of the bushfire season does not bode well. The latest CSIRO assessment highlights the risk of continuing climatic deterioration. Arctic sea ice is melting more rapidly than even the highest Intergovernmental Panel on Climate Change forecasts. This has serious implications for the warming of northern waters and global climate in general. Extreme weather events are growing worldwide, from widespread flooding across Africa, to intense storm activity in the US, Europe, India and China.

The oil price heads north of $US90 per barrel, yet peak oil is barely on the agenda in

> this country, despite the first, grudging, official admissions, from the International Energy Agency and the US National Petroleum Council, that it may soon become a reality.
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> These trends make it blindingly obvious that we cannot continue conventional economic growth and rampant consumerism without destroying the planet. The electoral focus has been on the importance of having a government that can manage the economy, but this misses the point. True leaders think in the long term, face up to and honestly articulate the big issues, then actively build a consensus for change, however unpalatable, uncertain and difficult.

NZ Herald - Peak oil: A terrifying prospect - sooner or later

The Courier Mail - Paul Little's plea for $5b rail project

> TRANSPORT titan Paul Little last night called for a $5 billion inland Brisbane-Melbourne rail link to offset the nation's heavy reliance on oil. Mr Little's plea came as oil on world markets hit a new high of $US89 a barrel, sparking renewed concern about the likelihood of price rises affecting a broad range of industries.
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> Saul Eslake, the ANZ's chief economist, warned that the hurt resulting from the oil spiral would go well beyond a likely 5¢-a-litre rise at petrol bowsers. "It also means higher input costs to a wide range of industries, from farmers to petrochemical and plastics manufacturers and to airlines," he said. "Those who are confronted with higher transport costs will seek to recover them from their customers by raising prices. In other words it is potentially inflationary."
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> Mr Little, chief executive of transport and logistics giant Toll Holdings, said that building the long needed Melbourne-Brisbane rail link would generate significant savings, in fuel consumption and environmental emissions. Fuel amounts to 25 per cent of the the total operating cost of a B-double or semi-trailer hauling freight on the nation's highways, according to road transport sources who estimated that more than 1500 trucks a day move between the two cities.
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> "As an industry we have to find a way of reducing the cost impost of fuel by becoming more efficient," Mr Little said. He said that by switching to rail haulage genuine savings, both in fuel and environmental emissions, could be achieved.

The Australian - Kimberley set to become battleground. Energy writer Nigel Wilson looks at the booming natural gas industry in north west WA and concerns about its impact on the local environment.

> GREG Bourne, one-time head of BP in Australia, used the annual Australian Petroleum Production and Exploration Association conference in Adelaide in April to set a cat among the pigeons. Now head of WWF-Australia, Bourne said the development of Kimberley LNG projects should not be allowed to go ahead piecemeal because of the region's delicate ecosystems. "The whole of the Kimberley is not well known to most Australians who live in the cities and towns around our coast, but anyone who goes up to the Kimberley knows how important and iconic it is, both from a social and environmental point of view," he said.

WWF-Australia believed that development of the Kimberley had to produce net economic, social and environmental benefits - and not just be lowest-cost commercial exploitation. The speech set the scene for what promises to become a major environmental battleground. The Kimberley is the closest land area to the vast Browse Basin gas province, which is set to become the main source of supply for Australia's huge push to become the world's largest LNG producer after Qatar by 2020.

Investments worth tens of billions of dollars are now being planned for LNG developments, Australia's biggest deepwater exploration effort is under way and expectations are that the province will underpin Australia's economic performance well into the second half of the century.

Bourne's point was made to APPEA just as Japanese energy group Inpex was working towards securing Aboriginal approvals for its plan to put an LNG processing plant on the Maret Islands, in the Bonaparte Archipelago and off the Kimberley coast about midway between Derby and the town of Wyndham. The Maret Islands are about 200km from the huge Ichthys gas reservoir tapped by both Inpex and Shell.

Woodside, Chevron, BP, BHP Billiton, ENI and Total are among the world giants searching for more gas reserves to meet the burgeoning energy demands of north Asia. Woodside has already begun detailed planning for an LNG project based on the Brecknock reservoirs, close to Scott Reef, which is of particular concern for some environmentalists.

WWF-Australia is among critics of efforts to develop LNG production in the Kimberley. Some oppose it outright on environmental concerns, others see possible harm to Aboriginal heritage, tour operators are concerned that LNG facilities will destroy their business, and some simply say, "not in my backyard".

The Kimberley stretches from Broome in the west to Kununurra and Lake Argyle in the east, and covers about 421,000sqkm - slightly larger than Japan and bigger than the UK or New Zealand and twice the size of Victoria. The region has only three towns, Broome, Derby and Kununurra, with populations of more than 2000, but attracting about 300,000 tourists a year.

The Australian - Apache stealthily builds up its gas stakes in Australia

TIM Wall is a softly spoken Texan whose sparkling eyes give observers a guide to the enthusiasm he has for his job - running the Australian operations of Apache Corp. Houston-based Apache is often overlooked in discussions of the Australian gas sector - which is a big mistake considering Apache's market capitalisation is not far short of that of Woodside. This week the company's board in Houston is expected to take the final investment decision on developing the Reindeer gas project in the Carnarvon Basin - a project that will add around 100 terajoules a day to Western Australia's gas supply.

Apache is the biggest holder of West Australian offshore acreage and, unlike most of its competitors, sees its main focus as domestic gas supply. The company would rank behind only the North West Shelf gas project, the Bass Strait joint venture and Santos as a supplier of natural gas for domestic use.

The Australian - BHP kick-starts oil expansion

> AS crude-oil prices march almost daily to new highs, BHP Billiton, the world's largest mining company by market capitalisation, is preparing a long-awaited jump in oil production in the next seven months as it starts projects in the Gulf of Mexico. The surge in output, which has BHP operating its first deepwater Gulf projects, will kick-start volume growth in the company's petroleum division, which was the mining giant's biggest earner as recently as 2005.
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> Output hasn't grown for the past five years, and while the division's operating profit has risen from $2.53 billion in 2005 to $3.01 billion in fiscal 2007, it has dropped to 16 per cent of BHP's total operating profit, from the 27 per cent it accounted for in 2005. ...
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> BHP's ambitions highlight the Gulf's desirability, despite the rising costs there. Access to infrastructure, low country risk and proximity to the world's biggest energy market, the US, have driven the decision. BHP's share of fresh volume from the US Gulf is expected to be about 90,000 barrels a day by July, with another 40,000 barrels a day from a new deepwater project BHP will operate off the northwest coast of Australia. That adds up to nearly 40 per cent of BHP Petroleum's production rate of about 330,000 barrels a day for the three months to June 30.
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> The project that will have the biggest impact on BHP's books is the giant Atlantis project, which is operated by BP in the Gulf of Mexico and is expected to produce 200,000 barrels of oil daily when it reaches full capacity. Atlantis, in which BHP has a 44 per cent stake and is paying $US1.62 billion ($1.82 billion) to get up and running, was originally due to come on line last year but has been delayed by BP, which has so far given no estimate for the total cost of the project. The delays came after BP decided to closely examine the field's subsea manifolds in the wake of problems found at the larger Thunder Horse platform in the US Gulf.
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> The two BHP-operated projects in the Gulf are the Genghis Khan project, which started production this month and will eventually ramp up to 55,000 barrels a day of crude, and Neptune, which is expected to produce 50,000 barrels of oil and 50 million cubic feet of gas a day at its peak. In Australia, BHP is preparing to produce from the 80,000 barrels-a-day Stybarrow project, where it has a 50 per cent stake.

The Australian - Costs rise for BHP at two US oil and gas projects

SMH - BP rejects benchmark fuel prices

The Australian - Cold snap breaks the stretched power line

> LAST week's profit downgrade at AGL did not come out of a clear blue sky: dangerously low levels of gas in the Moomba-to-Sydney pipeline on June 21 showed that big problems had unexpectedly crept into the NSW retail energy market. Rarely had a weather event been blamed for a near critical shortage of gas in the system which disrupted vital supplies to industrial users, but a cold snap across NSW quickly became the scapegoat. Either the power generators had called for too much reinforcement, or someone had under-ordered for their customers. But industry experts believe there was something more troubling behind the load curtailment. The exact reasons for the shortage remain a mystery.
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> The results of an investigation by NSW Energy Minister Ian Macdonald are yet to see the light of day and may never be made public. No one has fingered AGL Energy as the

> main culprit for the shortfall in gas, but plenty of people are prepared to call for blood depending on the outcome of the Minister's investigations.

The Australian - [Cheers as AGL CEO Departs]()

SMH - [Oil Search delivers increase in output]()

The Australian - [ARC wins the race for Anzon oil and gas]()

The Australian - [Orica teams up with Terra Industries to develop petrochemical plant in Peru]()

Daily Reckoning - [Solar Cell Companies in Dubai Spearhead Expansion of Renewable Energy Projects in Middle East]()

WorldChanging - [China Moves Towards Energy, Not Oil]()

> When China unveiled its' ambitious renewable energy law in 2005, pledging that by 2020 15 percent of the country's power would be drawn from renewable sources, it attracted more than a few raised eyebrows. Chinese leaders are fond of long-term plans and big targets. But how, exactly, did they plan to hit this target in the face of China's fast-growing economy and energy consumption?
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> Two years later, this is now becoming clear.
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> In September, top energy planner Chen Deming said that the government would institute subsidies and tax breaks to encourage investment in renewables. The total price tag for the 15 percent target, he added, would be two trillion yuan -- about $265 billion, or one-tenth of China's 2006 GDP.
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> Sure enough, last week China National Offshore Oil Corporation (CNOOC), China's third largest petroleum company (best-known in the U.S. for its botched 2005 bid to buy American oil giant Unocal) announced plans to establish a 1,500 KW off-shore wind farm in Bohai Bay. With Beijing pushing renewables, CNOOC now aims to be "an energy company rather than just an oil company." As company chairman Fu Chengyu told Xinhua, "[T]he national development mode decides the development of our company." Strong government backing has Chinese companies convinced they can profit from renewable energy.
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> The Clean Development Mechanism (CDM) (a facet of the Kyoto Climate Protocol that encourages developed world deals in and technology transfers to the developing world in order to cut carbon emissions) provides another important avenue for green revenue. Despite entering the CDM market relatively late in the game, China has quickly become the world leader in volume of carbon credits (India still leads in number of individual CDM projects). Many early Chinese projects dealt with reductions in industrial gases like HFC-23, a questionable methodology, but the emphasis is now on the renewable sectors: this month, the government list of new registered projects was dominated by wind and hydro.
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> There is, of course, still room for improvement. For example, why is there so much hydro on the CDM list? China would do well to discourage the construction of more dams and add solar to its priorities. The country leads the world in the use of solar water heaters, and development organizations and select cities are spearheading interesting initiatives at the local level. Clearly, Chinese are keen to use the sun for power. But the government has not yet introduced the subsidies and feed-in tariffs that are necessary

for large-scale grid connection.

Commodity Online - Crude Oil deposits in Northeast Indian jungles ?

Commodity Online - The Far East: The newest global oil hub

SMH - Desire and the green cure

(Hat Tip to Dave B, Kyle, Tim and Tony)