



November 3, 2008

Sequestration News

Global Financial Crisis and Climate Issues

The economy dominates energy news. Falling fuel prices, scarce financial resources, and a global recession are taking a toll on capital intensive projects of all types, including new coal and ethanol facilities.

The ongoing financial crisis and accompanying global recession may have an impact on climate policy. The Chief Energy Economist at Deutsche Bank presented the financial challenge of capping CO₂ concentrations at 450ppm, an oft-cited target in a presentation at Johns Hopkins. "The scale of doing this is just enormous." (Climate Wire, October 28)

All of this bad news is being used as leverage for federal funding. Reuters reports that "a carbon army" is descending on government leaders in the UK and US, arguing that green spending is the best way to spend public resources aimed at softening the recession.

<http://www.reuters.com/article/environmentNews/idUSTRE49T0AZ20081030?feedType=RSS&feedName=environmentNews>

Bloomberg reports that Credit Suisse Group says that CCS technologies need another \$15 billion in capital investment and 10 years to reach commercial status.

<http://www.bloomberg.com/apps/news?pid=20601072&sid=al3dbrRfHMu4&refer=energy>

Green fuels are also hurting. Ethanol producers are being squeezed between locked in corn prices (even though spot prices are falling), falling oil prices, and tight credit markets. Ethanol producers in KA and OH have declared bankruptcy in the past week, and stock in one publicly traded company, VeraSun, is trading at 10% of its yearly peak. (GreenWire, October 24)

Following the recent drop in oil prices (50% of summer peaks), OPEC has announced that it will cut oil production by 1.5 million BPD.

Exelon Corporation has bid \$6.2 billion to purchase NRG Energy, a move that would make the company the largest US electric utility. (NYTimes, October 20)

Union of Concerned Scientists on Coal and CCS

The Union of Concerned Scientists has turned its attention away from criticizing nuclear power and issued a report focusing on the risks associated with coal. The report supports government CCS demonstrations, but opposes coal without CCS. The report's coauthor, Barbara Freese, a former assistant attorney general in Minnesota, is best known for her 2003 book, Coal: A Human History, which was not optimistic about either coal or CCS technology.

http://www.ucsusa.org/news/press_release/coal-power-warming-world-0151.html

IEA CCS Report Issued Supporting 20 CCS Demos Globally

The IEA has now released the report recommending (globally) 20 commercial scale CCS demonstration projects. The report, CO2 Capture and Storage: A Key Carbon Abatement Option, identifies potential government financial incentives, and proposed a CCS Roadmap.

http://www.iea.org/Textbase/press/pressdetail.asp?PRESS_REL_ID=272

China Calls on Developed Countries to Fund GHG Reductions in Developing Countries

In a rhetorical warm up to December's international Post-Kyoto climate talks in Poland, China has called on developed countries to spend 1% of their GDP to help developing countries reduce GHG emissions. Recall that in July, China joined other emerging economy nations in demanding that developed countries cut their own GHG emissions by 80-95% by 2050. <http://www.ft.com/cms/s/0/94468fc0-a55a-11dd-b4f5-000077b07658.html>

Climate and CCS Related Reports

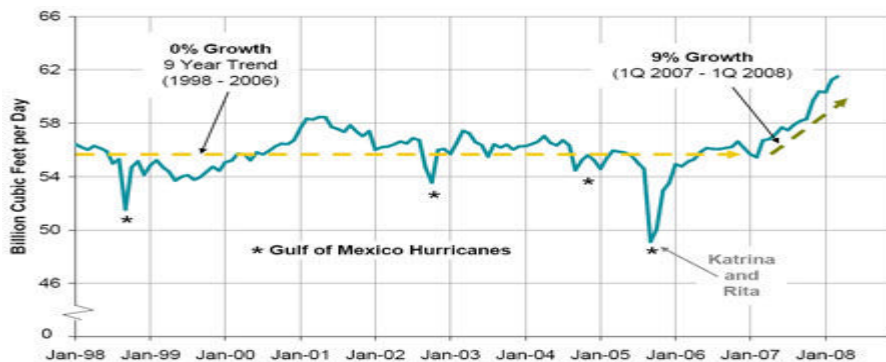
The World Resources Institute has published a 144 page report, "Guidelines for CO2 Capture, Transport, and Storage." <http://www.wri.org/publication/ccs-guidelines>

An environmental advocacy group known as "Clean Air – Cool Planet" has issued a report containing recommendations for how the next Administration should address climate change.

Natural Gas

The Washington Post reported on October 22 that Russia, Iran, and Qatar had met in Tehran to discuss formation of a natural gas cartel that would parallel OPEC.

Natural gas production surge: "Natural gas production in the Lower 48 States has seen a large upward shift. After 9 years of no net growth through 2006, an upward trend began that generated 3% growth between first-quarter 2006 and first-quarter 2007, followed by an exceptionally large 9% increase between first-quarter 2007 and first-quarter 2008." Most of the growth is in Texas and derived from shale gas fields. http://tonto.eia.doe.gov/energy_in_brief/natural_gas_production.cfm



Source: Energy Information Administration, Office of Oil and Gas, Form EIA-914 Monthly Natural Gas Production Report

