The Week That Was: 2012-07-14 (July 14, 2012)
Brought to You by SEPP (www.SEPP.org)
The Science and Environmental Policy Project

Quote of the Week:
“Consensus means that everyone agrees to say collectively what no one believes individually” – Abba Eban [H/t Judith Curry]

Number of the Week: About $4.50 per million BTUs

On the Road Again: At the end of the month Fred Singer will be traveling and speaking at various locations. Talks include:

Doctors for Disaster Preparedness, Long Island Marriot, 101 James Doolittle Blvd, Uniondale, NY
http://www.ddponline.org/2012/03/08/2012-ddp-meeting-july-27-29/
July 29, 9:00 am, Registration may be required
Heartland Institute
July 30, 2012, 11:30 am - 1:30 pm One South Wacker Drive, #2740, Chicago, Il 60606
Registration required, $10, Contact Tonya Houston at thouston@heartland.org or 312/377-4000
The 15th Annual International Mars Society Convention
August 3 to 5, 2012 Pasadena Convention Center, CA
http://www.marssociety.org/convention2012
Morning of Aug 4, Registration may be required

THIS WEEK:
By Ken Haapala, Executive Vice President, Science and Environmental Policy Project (SEPP)

International Coral Reef Symposium: The 12th International Coral Reef Symposium was held in Cairns Australia from July 9 to 13. Without question, human activity is damaging coral reefs and local governments should take responsible steps to assure that the damage is limited. However, the Symposium provided one more forum for those who are demanding government controls on the use of fossil fuels. The usual claims are CO2 emissions are destroying coral reefs through global warming and ocean acidification. Both claims are dubious.

One of the featured speakers was Jane Lubchenco, the administrator of US National Oceanic and Atmospheric Administration (NOAA). Ms. Lubchenco famously stated in her address as retiring president of the American Association for the Advancement of Science (AAAS) that it is the duty of American scientists to support government policy in exchange for government support. Please see http://www.icrs2012.com/# and links under Defending the Orthodoxy and Acidic Waters as well as Cliff Ollier’s effective rebuttal to the various claims under Cap and Trade and Carbon Taxes.

**************************
Communicating Better with the Public: A common plea among some scientists is how to communicate better with the public. Special study programs are being established to communicate climate alarm. It is apparent that many citizens are becoming immune to climate alarmism. The scientists that use these techniques can only thank themselves.

Some years ago, Stephen Schneider famously proposed a false dilemma: scientists have to choose between being honest or being effective. Those that choose the latter by using hyperbole, extreme exaggeration, are finding that their public credibility is declining, as it should.

The internet is quickly undermining hyperbole and false claims of certainty. (Certainly, false claims are also propagated by the internet.) One example of undermining false claims occurred during the recent claims that the hot spell in the Eastern and Midwestern parts of the US was an example of global warming. Knowledgeable scientists such as Roy Spencer and Joe D’Alejandro quickly refuted it. Anthony Watts posted a temperature map of the globe showing the hot areas were confined to the Eastern and Midwestern parts of the US and southern Greenland. The traditional media that duly reported such hyperbole are also finding their credibility declining as well. Please see links under heading beginning with Communicating Better with the Public…

2000 Years of Cooling: A new study based on tree rings taken in Lapland reports that Northern Europe has been generally cooling for 2000 years. After the hockey-stick debacle, no doubt many will express skepticism. However, it appears the researchers did not run the data through a computer model that imparts a bias. The temperature variations show the Roman Warm Period and the Medieval Warming Period warmer than today. The graphs also show 20th century warming with a decline starting about 1940 and a subsequent late century rise but remaining below the temperatures of the 1930s. Prior temperature variations are unrelated to carbon dioxide. The explanation for the 2000 year cooling trend is a slight change in the earth’s orbit. No doubt, this research will be a topic of controversy. This general cooling since the Roman Warmer Period is consistent with Greenland ice cores and other data. Please see links under Changing Climate.

Sea Levels: A survey of scientific literature on sea levels by Sebastian Lüning and Fritz Vahrenholt shows no acceleration in the rise for the last 30 years. Among the findings are: Once adjusted for change in elevation as measured by GPS, no acceleration in northern Europe or Northwest US since 1940, an average 1.6 mm/yr or less than 7 inches per century. Sea levels in the Arctic as measured in Norway and Russia move in sync with the Arctic Oscillation. In New Zealand they move in sync with the Southern Oscillation Index. In Tasmania the rise slowed in the second half of the 20th century. The research casts further doubt in the dire predictions of dangerous global warming and will be a subject of controversy. Please see links under Changing Sea Levels.

Issues with Climate Science: Tim Ball discusses some of the failings of IPCC science including incomplete analysis, ignoring contradictory evidence, ignoring previous research, etc. Judith Curry posted an extensive discussion on the on the idea of the consensus of climate scientists as well as logical fallacies, some of which may apply to alarmists, others to skeptics. Please see links under Seeking a Common Ground.

Skeptic, Denier, -- or Dissident? In a letter published in Nature, Paul Bain used the term denier to describe those who question the claims that human emissions of carbon dioxide (CO2) are
causing unprecedented and dangerous global warming. Many skeptics were outraged as to the negative connotations of the word denier. Jo Nova has posted her illuminating correspondence with Bain. This affair raises the question of what is a good term to use for the skeptics? [For the correspondence between Jo Nova and Paul Bain see link under Seeking a Common Ground.]

Most climate research is government funded. As described in prior TWTWs, a rough estimate for US government spending for climate change activities is about $140 to $150 Billion since 1993. Of this amount about $31 Billion went to climate research as of FY 2010, plus rough estimates of $2.5 Billion in FY 2011 and $2.4 Billion in FY 2012, for a total of $36 Billion for climate research. [The US government has not had a firm budget for three years because the Senate has not passed one.]

The general conclusion from this government sponsored research is that (CO2) emissions are causing unprecedented and dangerous global warming. These results are being used to assert that governments must expand their powers to control CO2 emissions by controlling fossil fuel use. [Of the other five identified greenhouse gases being emitted by human activity, three are man-made, making them easy to control, and, in the US, human emissions of other two are controlled by separate regulations.]

Those who object to global warming claims and efforts to control emissions point out, among other things, the earth is rebounding from the Little Ice Age, 20th century warming was not unprecedented, and that the dangers of global warming come from long term projections by climate models that have no predictive skill. They failed to predict the decade-long trend of no warming and have not been verified and validated and are unlikely to be so.

A noted Chinese-American physicist, who recently died, wrote that science begins with doubt; stresses independence of judgment, not conformity; is egalitarian in that one’s position does make his views superior to other views; needs the free flow of information; and scientific truths are universal, not political. Perhaps these characteristics describe the dissidents who object to government misusing science to expand its powers.

For the correspondence between Jo Nova and Paul Bain see link under Seeking a Common Ground.

*******************

**False Positives:** In December 2010 a study reported that bacterial life use arsenic rather than phosphorus, changing the elements considered the building blocks of life. Two new studies refute this finding and suggest that the samples in the original study were contaminated with phosphorus.

One of the side benefits from the announcement of the possible discovery of the Higgs Boson is illuminating discussions of the efforts to avoid false positives in the research. One such discussion appeared unexpectedly in the Huffington Post.

Both these reports underline the importance of avoiding false positives and the need for repetition before findings are generally accepted, something lacking in climate science. Please see links under Other Scientific News.

*******************
Corrections and Amplifications: As an example of how rumor spreads by internet, last week’s TWTW stated that “in Australia it is illegal for business to declare they are raising prices due to government-imposed carbon taxes” and linked to such a report. Australian economist Des Moore, an ardent opponent of the tax, promptly corrected TWTW. Moore stated that the body responsible for the tax

“has issued a statement warning businesses against misusing the tax as an excuse for raising prices. This was quite unnecessary given that in a competitive market place an increase in prices that is not justifiable will create a competitive problem for the business concerned. The statement has however caused uncertainty in the business community and some have interpreted it as being illegal, as you suggest.”

Moore gave another example of an unsubstantiated rumor; reports of a cemetery using the tax as a justification for raising its prices.

Several other readers pointed out a poorly worded sentence that conveyed a meaning opposite of what was intended. The sentence was: “Wind farms may be required for 80 to 100% of the installed capacity of the wind.” A corrected sentence is: “Wind farms may require back-up power for 80 to 100 percent of rated (installed) capacity of the farm.”

As always, TWTW appreciates readers who take the time to correct errors in its reports.

*******************

Number of the Week: About $4.50 per million BTUs. Due to its low price, a number of US utilities are converting to natural gas to generate electricity. This would have been unthinkable as few as four years ago. For a brief period the spot price at the Henry Hub peaked above $13 per million BTUs. Today (7/13) the spot is $2.88, up from under $2 in April. On April 12, the spot price to utilities was $2.85 per million BTUs. Such price variation gives utility executives sleepless nights.

In its 2012 Energy Outlook, the Energy Information Agency (EIA) projected the price of natural gas to utilities for electrical generation for 2016 to 2018 will be about $4.50 per million BTUs. New combined-cycle generating plants are approaching 65% thermal efficiency, with reliable 24/7 operation, and net annual production exceeding 85% of rated capacity. If the EIA is correct, electricity rates should remain quite low as long as Washington does not try to control hydraulic fracturing for natural gas and the solar and wind industries should be nervous. See http://www.eia.gov/oiaf/aeo/tablebrowser/#release=AEO2012&subject=0-AEO2012&table=3-AEO2012&region=1-0&cases=ref2012-d020112c

ARTICLES:
For the numbered articles below please see this week’s TWTW at: www.sepp.org. The articles are at the end of the pdf.

1. Heat and Global Warming
By S. Fred Singer, Letter to Editor, Washington Post (Unpublished), Jul 10, 2012

2. Wind Power Faces Taxing Headwind
By Mark Peters and Keith Johnson, WSJ, Jul 8, 2012
3. The Smartest Guys in Green
When global warming met German actuaries.
By Anne Jolis, WSJ, Jul 11, 2012
[SEPP Comment: How to make money in the green game – have governments take the risk.]

4. The Price of Green Virtue
The bill starts to come due for California’s climate change law.
Editorial, WSJ, Jul 6, 2012

5. The Shale Gas Secret
Why did drilling boom in America, while it struggles in Europe?
Editorial, WSJ, Jul 13, 2012

NEWS YOU CAN USE:

Climategate Continued
Lonnie Thompson’s Legacy
By Steve McIntyre, Climate Audit, Jul 8, 2012
http://climateaudit.org/2012/07/08/lonnie-thompsons-legacy/
[SEPP Comment: The failure to archive data is inexcusable.]

Suppressing Scientific Inquiry
Monckton’s reply to Eos on Climate Denial
By Christopher Monckton, WUWT, Jul 12, 2012
http://wattsupwiththat.com/2012/07/12/moncktons-reply-to-eos-on-climate-denial/
[SEPP Comment: What EOS refuses to print.]

Challenging the Orthodoxy
Europe clears the air
By Staff Writers, Paris (ESA), Jul 10, 2012
http://www.terradaily.com/reports/Europe_clears_the_air_999.html
[SEPP Comment: In Europe and the US nitrogen dioxide levels are decreasing, but increasing in parts Asia and the Middle East.]

Defending the Orthodoxy
Pre-industrial emissions make a difference
World's coral reefs at risk
By Staff Writers, Cairns, Australia, (UPI) Jul 11, 2012
http://www.terradaily.com/reports/Worlds_coral_reefs_at_risk_999.html

Climate change suspended reef growth for two millennia
By Staff Writers, Melbourne FL (SPX), Jul 06, 2012
http://www.terradaily.com/reports/Climate_change_suspended_reef_growth_for_two_millennia_999.html
[SEPP Comment: According to the report natural climate change nearly caused the destruction of coral-reef systems. But if man can stop climate change, then everything will be OK. How do the researchers propose stopping natural climate change?]

Natural-gas boom could isolate US on climate change
By Zack Colman, The Hill, Jul 12, 2012

Natural gas is a much needed tool to battle global warming
By Staff Writers, Ithaca NY (SPX), Jul 12, 2012
http://www.energy-daily.com/reports/Natural_gas_is_a_much_needed_tool_to_battle_global_warming_999.html

Questioning the Orthodoxy
CBS Turns Blind Eye To Climate Change Hype Truth
Editorial, IBD, Jul 12, 2012

Delusions Down Under
By Donna Laframboise, NFC, Jul 11, 2012
http://nofrakkingconsensus.com/2012/07/11/delusions-down-under/
[SEPP Comment: When faced with skepticism, express great certainty. There appear to be no consequences to false certainty.]

Sick and tired of that global warming whine
By Dennis Byrne, Chicago Tribune, Jul 10, 2012

Scientists Blame Global Warming for Heat Wave, But Fail to Back It Up
By Michael Sandoval, The Foundry, July 11, 2012 [H/t GWPF]
http://blog.heritage.org/2012/07/11/scientists-blame-global-warming-for-heat-wave-but-fail-to-back-it-up/
Nordhaus, Tol, and Climate-Change Economics: Turning Around the Conventional Wisdom
By Robert Murphy, Master Resource, Jul 11, 2012
http://www.masterresource.org/2012/07/nordhaus-tol-climate-economics-reconsidered/#more-20736

Climate Change And Earth’s Changing Orbit
By Duncan Steel, The Observatory, Jul 13, 2012
(SEPP Comment: A technical discussion on why both spring and fall are occurring earlier.)

Questioning European Green
The Economics Of Wind Power
By Gordon Hughes, GWPF, Jul 10, 2012
http://thegwpf.org/uk-news/6137-gwpf-the-economics-of-wind-power.html
(SEPP Comment: To the House of Commons Energy and Climate Change Committee.)

You Can’t Have Shale Gas – It Might Halve Your Bills
By Christopher Booker, Sunday Telegraph, edited by GWPF, Jul 8, 2012

Green Energy Costs ‘May Drive Factories Out Of UK’
By Tim Webb, The Times via GWPF, Jul 13, 2012
http://thegwpf.org/uk-news/6160-green-energy-costs-may-drive-factories-out-of-uk.html

Why European Shale Is Totally 'Fracked'
By Matthew Hulbert, Forbes, Jul 12, 2012 [H/t GWPF]

Europe grid upgrades pegged at $128B
By Staff Writers, Brussels (UPI), Jul 9, 2012
http://www.energy-daily.com/reports/Europe_grid_upgrades_pegged_at_128B_999.html
(SEPP Comment: Free green energy is not free.)

Questioning Green Elsewhere
Green Jobs Count: Fewer than Before, Sillier than Ever
By David Kreutzer, The Foundry, Jul 9, 2012
http://blog.heritage.org/2012/07/09/green-jobs-arent-shrinking-because-they-dont-exist/

IER Study: Energy Efficiency Mandates Have a “Rebound Effect.’
By Staff Writers, Institute for Energy Research, Jul 12, 2012 [H/t Cooler Heads]
http://www.instituteforenergyresearch.org/2012/07/12/ier-study-energy-efficiency-mandates-have-rebound-effect/
(SEPP Comment: Link to a study by Robert Michaels on the same subject.)

Caught in a Green Crossfire
Expanding the Orthodoxy
Solving the world's problems in Oxford
By Martin Livermore, Scientific Alliance, Jul 13, 2012
http://www.scientific-alliance.org/scientific-alliance-newsletter/solving-worlds-problems-oxford

[SEPP Comment: No doubt solving the world’s problems is a prestigious activity. Those trained in the neo-classical theory of production and distribution would not have a chance.]

Nitrogen pollution changing Rocky Mountain National Park vegetation
By Staff Writers, Boulder CO (SPX), Jul 06, 2012
http://www.terradaily.com/reports/Nitrogen_pollution_changing_Rocky_Mountain_National_Par k_vegetation_999.html

[SEPP Comment: Emissions of nitrogen compounds have been falling for over 30 years. http://www.epa.gov/airtrends/nitrogen.html and link under Challenging the Orthodoxy. The biggest problem for fish, etc. is excrement, both animal and human.]

Extreme weather conditions cost EU's transport system at least 15 billion euro annually
By Staff Writers, Helsinki, Finland (SPX), Jul 10, 2012
http://www.energy-daily.com/reports/Extreme_weather_conditions_cost_EUs_transport_system_at_least_15_billion_euro_annually_999.html

[SEPP Comment: No doubt the weather will be attributed to human caused global warming / climate change.]

Seeking a Common Ground
No consensus on consensus: Part II
By Judith Curry, Climate Etc, Jul 13, 2012
http://judithcurry.com/2012/07/13/no-consensus-on-consensus-part-ii/#more-9130

[SEPP Comment: Excellent research on issues regarding a consensus in science.]

Can’t see the Climate Forest For the Trees
By Tim Ball, A Different Perspective, Jul 7, 2012
http://drtimball.com/2012/cant-see-the-climate-forest-for-the-trees/

5 logical fallacies that make you more wrong than you think
By Judith Curry, Climate Etc, Jul 9, 2012
http://judithcurry.com/2012/07/09/5-logical-fallacies-that-make-you-more-wrong-than-you-think/

[SEPP Comment: Curry’s remarks on how some of the fallacies apply to the climate controversies are particularly insightful and apply to skeptics and alarmists.]

My reply to Paul Bain: The name-caller is hurt by the names they throw
By Jo Nova, Her Blog, Jul 13, 2012
Communicating Better to the Public – Exaggerate, or be Vague?
The climate of the climate change debate is changing
Quantifying how greenhouse gases contribute to extreme weather is a crucial step in calculating the cost of human influence
By Myles Allen, Guardian, UK, Jul 11, 2012
http://www.guardian.co.uk/environment/2012/jul/11/climate-change-debate-weather
[SEPP Comment: Rather Difficult to do without understanding natural variation – something avoided by the IPCC.]

Heating Up
Editorial, NYT, Jul 10, 2012
[SEPP Comment: The Grey Lady does not comprehend the media world has changed.]

What's cooking? The UK's potential food crisis
By Staff Writers, Manchester, UK (SPX), Jul 10, 2012
http://www.seeddaily.com/reports/Whats_cooking_The_UKs_potential_food_crisis_999.html
[SEPP Comment: Global trend predicts of 4 deg C rise by the end of this century?]

Rising heat at the beach threatens largest sea turtles
By Staff Writers, Philadelphia PA (SPX), Jul 06, 2012
http://www.terradaily.com/reports/Rising_heat_at_the_beach_threatens_largest_sea_turtles_999.html

'Abrupt increase' in CO2 absorption slowed global warming
By Kieran Campbell, NZ Herald, Jul 11, 2012 [H/t GWPF]
[SEPP Comment: See link immediately below.]

NZ Scientists “stunned”, “shocked” by mere 1% rise in CO2 absorption. What spin!
By Jo Nova, Her Blog, Jul 14, 2012
[SEPP Comment: See link immediately above.]

Climate Change May Lead to Fewer - But More Violent - Thunderstorms
By Staff Writers, Tel Aviv, Israel (SPX), Jul 12, 2012
http://www.terradaily.com/reports/Climate_Change_May_Lead_to_Fewer_But_More_Violent_T
hunderstorms_999.html
[SEPP Comment: It may lead to more, less violent or any combination thereof.]

Communicating Better to the Public – Make things up.
Scientists attribute extreme weather to man-made climate change
Researchers have for the first time attributed recent floods, droughts and heatwaves, to human-induced climate change
By Fiona Harvey, Guardian, UK, Jul 10, 2012
Global Warming Makes Heat Waves More Likely, Study Finds
By Justin Gillis, NYT, Jul 10, 2012

Desperate Climate Scientists Blame Bad Weather On Global Warming
By Doug Hoffman, The Resilient Earth, via GWPF, Jul 12, 2012

Models v. Observations
Guest Post By Richard McNider On The New JGR – Atmosphere Article “Response And Sensitivity Of The Nocturnal Boundary Layer Over Land To Added Longwave Radiative Forcing”
By Richard McNider, Pielke Climate Science, Jul 12, 2012
[SEPP Comment: A technical explanation on a possible reason why satellite measurements and models diverge.]

Changing Weather
The folly of blaming the Eastern U.S. heat wave on global warming
A picture is worth a thousand words
By Anthony Watts, WUWT, Jul 7, 2012

‘Extreme weather is an integral part of the Earth’s climate’
By Madhav Khandekar, WUWT, Jul 10, 2012

The Heat Was On—Before Urbanization and Greenhouse Gases
By Patrick Michaels, World Climate Report, Jul 13, 2012
http://www.worldclimatereport.com/index.php/2012/07/13/the-heat-was-on-before-urbanization-and-greenhouse-gases/#more-547
[SEPP Comment: You’ve read the headlines, now for the data.]

What’s to Blame for the Rains on the Plains?
By Patrick Michaels, World Climate Report, Jul 11, 2012
[SEPP Comment: Urbanization leads to different weather patterns, not associated with CO2. Irrigation and dam impoundments may change precipitation patterns and intensities.]
changing climate

Climate was hotter in Roman, Medieval Times Than Now, New Study
By Lewis Page, The Register, Jul 11, 2012

Climate in northern Europe reconstructed for the past 2,000 years: Cooling trend calculated precisely for the first time
Calculations prepared by Mainz scientists will also influence the way current climate change is perceived / Publication of results in Nature Climate Change
By Staff Writer, Johannes Gutenberg Universitat, Mainz, Jul 9, 2012 [H/t WUWT]
http://www.uni-mainz.de/eng/15491.php
[SEPP Comment: For graph, see above link.]

Orbital forcing of tree-ring data
By Esper, Jan, et al, Nature Climate Change Jul 8, 2012
http://www.nature.com/nclimate/journal/vaop/ncurrent/full/nclimate1589.html

Tree-rings prove climate was WARMER in Roman and Medieval times than it is now - and world has been cooling for 2,000 years
By Rob Waugh, Mail Online, UK, Jul 11, 2012 [H/t Warren Wetmore]
[SEPP Comment: Typical sensationalist article.]

Reliving the 1950s (and 1890s): the 60 year cycle
By Joseph D’Aleo, Weatherbell.com, Jul 8, 2012
http://icecap.us/index.php/go/joes-blog/relying_the_1950s_and_1890s_the_60_year_cycle/

El Nino and Global Warming
By David Whitehouse, The Observatory, Jul 9, 2012
[SEPP Comment: Until these natural phenomena are understood, it is virtually impossible to understand the human influence on climate change.]

changing seas

Sea Surface Temperature Trends As A Function Of Latitude Bands
By Roger A. Pielke Sr. and Bob Tisdale, Pielke Climate Science, Jul 11, 2012
[SEPP Comment: A possible explanation of why the assumed positive feedback from increased water vapor is not occurring as projected in the models. The waters in the tropics are not warming.]

**Ravaged Reefs Bounce Back**  
By Doug Hoffman, Resilient Earth, via GWPF, Jul 9, 2012  

**Viruses linked to coral bleaching**  
By Anthony Watts, WUWT, Jul 12, 2012  
[SEPP Comment: Links to the press release and the abstract.]

**Scientists Discover New Trigger for Immense North Atlantic Plankton Bloom**  
By Staff Writers, Washington DC (SPX), Jul 11, 2012  

**Changing Sea Levels**  
**German Survey Of Recent Scientific Literature Shows No Signs Of Accelerated Sea Level Rise**  
By P. Gosselin, No Tricks Zone, Jul 13, 2012 [H/t Climate Depot]  

**Trigger for past rapid sea level rise discovered**  
By Staff Writers, Bristol UK (SPX) Jul 13, 2012  
[http://www.terradaily.com/reports/Trigger_for_past_rapid_sea_level_rise_discovered_999.html](http://www.terradaily.com/reports/Trigger_for_past_rapid_sea_level_rise_discovered_999.html)  
[SEPP Comment: In part, this seems to be consistent with the series of massive Missoula Floods that apparently formed the distinctive landscape of Eastern Washington State, the Columbia George, and the Willamette Valley in Oregon. These have been subject to geological research since the early 1900s. Perhaps to better appreciate the significance of these events and the geology they formed, the researchers should go on a field trip to enjoy the fine wines grown in eastern Washington and the Willamette Valley.]

**Changing Sea Ice**  
**Ice, logistics delay Shell Alaska drilling plans**  
By Yereth Rosen, Reuters, Jul 6  

**Changing Earth**  
**Satellite research reveals smaller volcanoes could cool climate**  
By Staff Writers, Saskatoon, Canada (SPX), Jul 09, 2012  
[http://www.spacedaily.com/reports/Satellite_research_reveals_smaller_volcanoes_could_cool_climate_999.html](http://www.spacedaily.com/reports/Satellite_research_reveals_smaller_volcanoes_could_cool_climate_999.html)

**Toward a Better Understanding of Earthquakes**
Acidic Waters
Science official: Ocean acidity major reef threat
By Kristen Gelineau, AP, Jul 9, 2012

Agriculture Issues & Fear of Famine
False Alarm: Largest Ever Cereal Harvest Predicted This Year
By Subodh Varma, The Times of India, via GWPF, Jul 11, 2012

Cap-and-Trade and Carbon Taxes
Pointless Carbon Tax
By Cliff Ollier, Quadrant, Jul 10, 2012
[SEPP Comment: A powerful, scientific, indictment of those promoting carbon taxes and deceiving the public. One slight correction: the CO2 concentration was [not is] about 0.03% of the atmosphere and is increasing.]

Left-right climate group quietly weighing proposals for carbon tax
By Ben Geman, The Hill, Jul 12, 2012
http://thehill.com/blogs/e2-wire/e2-wire/237651-left-right-climate-group-quietly-weighs-carbon-tax-ideas
[SEPP Comment: The desire of politicians to tax is not limited by political party.]

Subsidies and Mandates Forever
Spain Targets First Cash From Renewables With Energy Tax
By Marc Roca, Bloomberg, Jul 12, 2012
There’s about 40 billion euros of wind and solar power-related debt in Spain, most of which is owned by local banks.
[SEPP Comment: Declare the energy taxes to be other (negative) subsidies. Seriously, bank stocks may take a big hit.]

Wind Energy Jobs: Mysterious Numbers from AWEA (75,000 claim bogus)
By Lisa Linowes, Master Resource, Jul 10, 2012
http://www.masterresource.org/2012/07/wind-energy-jobs-myth/
Documents available on the trade group’s website show that about $4 million of AWEA’s 2012 budget ($30 million) was directed toward PTC lobbying.
[SEPP Comment: Imagine the bonuses that will be paid to the lobbyists if they are successful in extending the production tax credit (PTC). Stating it politely, the models used by used by a government agency to defend the wind industry are incomplete, at best.]
**EPA and other Regulators on the March**

**Energy [sic. Interior] Department sneaks offshore moratorium past public**
Jobs and oil-supply potential are shut down

**Fracking Guidelines Expand as Technology Evolves**
By Thomas W. Overton, Power News, Jun 20, 2012
http://www.powermag.com/gas/gas_power_direct/Fracking-Guidelines-Expand-as-Technology-Evolves_4727.html?hq_e=el&hq_m=2482540&hq_l=30&hq_v=5e660500d0
[SEPP Comment: A first taste of what will come?]

**A clear ruling on greenhouse gas emissions**
Those who oppose the EPA regulating emissions must accept a recent court ruling and negotiate with Congress in good faith
Editorial, Denver Post, Jul 8, 2012
[SEPP comment: Ignores the most obvious, Congress can remove carbon dioxide as a gas regulated under the Clean Air Act.]

**EPA Promulgates Final Step 3 of GHG Tailoring Rule**
By Staff Writers, POWERnews, Jul 12, 2012
http://www.powermag.com/POWERnews/4780.html?hq_e=el&hq_m=2482540&hq_l=6&hq_v=5e660500d0
[SEPP Comment: Nothing prevents EPA from intensifying the regulations in the future.]

**EPA Overlook: Improved Health & Welfare from Greenhouse Gas Emissions**
By Chip Knappenberger, Master Resource, Jul 13, 2012

**New Science Endangers EPA’s “Endangerment Finding”**
By Chip Knappenberger, Master Resource, Jul 12, 2012
http://www.masterresource.org/2012/07/new-science-endangers-epa-endangerment-finding/
[SEPP Comment: EPA’s slanted science.]

**Energy Issues – Non-US**

**The Energy Revolution Part One: The Biggest Losers**
By Walter Russell Mead, Via Media, Jul 8, 2012 [H/t GWPF]

**The political perils of low oil prices**
By Matthew Hulbert, European Energy Review, Jul 9, 2012
The Price of Gasoline
By Donn Dears, Power for USA, Jul 13, 2012
http://dddusmma.wordpress.com/2012/07/13/the-price-of-gasoline/
[SEPP Comment: A different take on the issue above. Simply put, unlike what happened in the early 1970s OPEC cannot afford to shut off production or set a low price for that matter.]

German government backtracks on the Energy Transition
By Katharina Mikulcak, European Energy Review, Jul 12, 2012
http://www.europeanenergyreview.eu/site/pagina.php?id_mailing=296&toegang=d296c101daa88a51f6ca8fcf1ac79b50&id=3799
[SEPP Comment: Private ventures in the US that lowered the price of natural gas are making the US the world leader in Energy Transition.]

La Croix Valmer city selects AREVA's electricity storage system
By Staff Writers, Paris, France (SPX) Jul 12, 2012
http://www.energy-daily.com/reports/La_Croix_Valmer_city_selects_AREVAs_electricity_storage_system_999.htm
[SEPP Comment: It will be interesting to see how efficient and costly this system will be.]

Energy Issues -- US
Temperatures up, lights out across America
Obama’s energy policies are stressing the electricity grid
By Bernard Weinstein, Washington Times, Jul 12, 2012

Interior touts 1.5M jobs from energy development
By Zack Colman, The Hill, Jul 9, 2012
http://thehill.com/blogs/e2-wire/e2-wire/236731-interior-touts-15m-jobs-from-energy-development
[SEPP Comment: Imaginary numbers rivaling those of the EPA.]

Oil and Natural Gas – the Future or the Past?
Unleashing the North American Energy Colossus:
Hydrocarbons Can Fuel Growth and Prosperity
By Mark P. Mills, Manhattan Institute, Jul 2012
[SEPP Comment: As previously reported in TWTW this study finds: The main limits to oil production in North American are political rather than geological or technological.]

Marcellus brine migration likely natural, not man-made
By Staff Writers, Durham NC (SPX), Jul 12, 2012
Cornell Researcher Rebuts Colleagues on Fracking Leaks  
By Mark Drajem, Bloomberg, Jul 10, 2012 [H/t GWPJ]  
http://www.businessweek.com/news/2012-07-10/cornell-researcher-rebuts-colleagues-on-fracking-leaks

China’s Nascent Shale Gas Industry Gains Momentum  
By Tim Daiss, Energy Tribune, Jul 10, 2012  
[SEPP Comment: China has invested in shale gas projects in the US, no doubt to obtain the technology of hydraulic fracturing.]

Return of King Coal?  
IEA Supports Ultra-Supercritical Coal  
By Donn Dears, Power For USA, Jul 10, 2012  
http://ddusmma.wordpress.com/2012/07/10/iea-supports-ultra-supercritical-coal/  
[SEPP Comment: EPA regulations and lawsuits will prevent the US from leading the world in this important advance in technology, which is far more likely to be 21st century technology than wind or solar.]

Irony of Ironies: Europe Switches to Coal as US Gas Glut Reduces Emissions  
By Peter C Glover, Energy Tribune, Jul 12, 2012  

Locking in the benefits of clean coal: China and India are securing their energy future  
http://us1.campaign-archive2.com/?u=29bc7d5d85828d574f86c157a&id=df6156bc13&e=  
[SEPP Comment: It will be interesting to learn if CCS actually works.]

Oil Spills, Gas Leaks & Consequences  
Study finds winds played important role in keeping oil away from S. Fla.  
By Staff Writers, Miami FL (SPX), Jul 12, 2012  
http://www.energy-daily.com/reports/Study_finds_winds_played_important_role_in_keeping_oil_away_from_S_Fla_999.html

Pipelines Are Safest for Transportation of Oil and Gas  
By Diana Furchtgott-Roth, Manhattan Institute, Jun 2012  
[SEPP Comment: A detailed examination of the comparative human and environmental safety of major means of moving oil and natural gas.]

Enbridge Fined Over Kalamazoo River Tar Sands Pipeline Spill
Alternative, Green ("Clean") Solar and Wind
Uncle Sam’s solar eclipse
Federal funds can’t buy success under the sun

A Sign of Sanity in Solar Manufacturing
By Geoffrey Styles, Energy Tribune, Jul 11, 2012
[SEPP Comment: The solar bubble is popping. The race to beat China ended long ago.]

Alternative, Green ("Clean") Energy -- Other
Biofuels – Still Searching for a Benefit
By William Tucker, Nuclear Townhall, Jul 11, 2012 [H/t Cooler Heads]
http://www.nucleartownhall.com/blog/william-tucker-biofuels-searching-for-a-benefit/
[SEPP Comment: More than a slight oversight, failing to calculate the land requirements of Biofuels.]

Prairie cordgrass: Highly underrated
By Staff Writers, Urbana IL (SPX), Jun 28, 2012
http://www.biofueldaily.com/reports/Prairie_cordgrass_Highly_underrated_999.html
[SEPP Comment: In search of the efficient biofuel.]

Review of Recent Scientific Articles by NIPCC
For a full list of articles see www.NIPCCreport.org

Impacts of Recurrent Estuarine Acidification on Wild Invertebrates
http://www.nipccreport.org/articles/2012/jul/10jul2012a3.html

Global Warming: Does It Promote or Hinder Peace?
http://www.nipccreport.org/articles/2012/jul/11jul2012a3.html
[SEPP Comment: It appears that global warming benefits humanity, as concluded in the NIPCC reports.]

Atmospheric CO2 Enrichment: Working Wonders in the Plant Root Zone
http://www.nipccreport.org/articles/2012/jul/11jul2012a1.html
The Ability of Marine Turtles to Adapt to Warmer Environments
http://www.nipccreport.org/articles/2012/jul/11jul2012a2.html
(SEPP Comment: Contradicting reports that warming endangers sea turtles, it appears some like it hot.)

Oh Mann!

Michael Mann-Bill Blakemore ABC News interview on climate change and the global warming disinformation campaign
(SEPP Comment: Those who run the web site bill themselves as: Promoting integrity in the use of climate science in government. There are 5 talks with Mr. Mann. Part 1: New McCarthyism, Described by Climate Scientist Michael Mann, Part 2: Climate Denialists Worse Than Tobacco CEOs Lying Under Oath, Says Mann, Part 3: Climate Denialists Would be Remembered as Villains, Says Mann, Part 4: Unprecedented Crisis for Humanity – But There’s Hope; Part 5: Climate ‘Groundhog Day for Scientists and Journalists Alike. No additional comment needed.)

Environmental Industry
Environmental Extremists Exposed as Political Goliaths
By Rachel Swaffer, Net Right Daily, Jul 11, 2012
http://netrightdaily.com/2012/07/environmental-extremists-exposed-as-political-goliaths/
(SEPP Comment: The multi-billion dollar environmental industry is being thwarted by a few ten million dollars given to skeptics.)

Other Scientific News
Scientists say NASA's 'new form of life' was untrue
By Staff Writers, Washington (AFP), July 9, 2012
http://www.spacedaily.com/reports/Scientists_say_NASAs_new_form_of_life_was_untrue_999.html
(SEPP Comment: The need for independent reproducibility is paramount. There is no reason to be overly severe on the original research.)

Higgs and Significance
By Victor Stenger, Huffington Post, Jul 5, 2012 [H/t Tom Sheahen]
(SEPP Comment: Avoiding false positives where repeated testing is difficult.)

Copper making salmon prone to predators
By Staff Writers, Puyallup WA (SPX), Jul 12, 2012
http://www.terradaily.com/reports/Copper_making_salmon_prone_to_predators_999.html
Dark matter scaffolding of universe detected for the first time
By Nicole Casal Moore, Ann Arbor, MI (SPX), Jul 10, 2012

Native American populations descend from three key migrations
http://www.terradaily.com/reports/Native_American_populations_descend_from_three_key_migrations_999.html

Sounds of northern lights are born close to ground
By Staff Writers, Aalto, Finland (SPX), Jul 13, 2012
http://www.spacedaily.com/reports/Sounds_of_northern_lights_are_born_close_to_ground_999.html

Other News that May Be of Interest
Federal obstacles hamper battle on wildfires
Caught in red tape, chopper didn’t act
By Stephen Dinan, Washington Times, Jul 12, 2012
[SEPP Comment: Insane!]

BELOW THE BOTTOM LINE:
Here we go again: row, row, row, your boat—Arctic edition
By Willis Eschenbach, WUWT, Jul 9, 2012
[SEPP Comment: The first, non-stop, unsupported row across the Arctic Ocean does not cross much of the Ocean.]

Taxing Termites, Wetlands, Volcanoes and Sacred Cows?
By Viv Forbes, WUWT, Jul 8, 2012

No baloney: Global Warming creates a largesse of lobster
By Anthony Watts, WUWT, Jul 9, 2012
[SEPP Comment: If NOAA’s predictions of ocean acidification come true, the dinner would not have to take off the shells.

ARTICLES:
1. Heat and Global Warming
By S. Fred Singer, Letter to Editor, Washington Post (Unpublished), Jul 10, 2012
Eugene Robinson (July 2) posits a false choice. Of course, everyone should and does accept that climate changes; it’s what’s causing change that’s in dispute. The absence of a warming trend during the past decade is strong evidence against a presumed human cause, the rise of greenhouse gases like CO2.

But what about the argument that this decade is the warmest in at least eight centuries? A simple error in logic: it confuses trend (measured in degrees F per decade) with temperature level (measured simply in degrees F) – two entirely different concepts.

But why are temperatures so high -- and likely to increase, irregularly, for another century or more? It’s because of natural climate cycles. Blame the “Bond cycle,” discovered by the late Lamont Institute paleoclimatologist Dr Gerard Bond (described in our book “Unstoppable Global Warming: Every 1500 Years” -- with coauthor Dr Dennis Avery). We don’t know its ultimate cause, but it’s likely the Sun.

2. Wind Power Faces Taxing Headwind
By Mark Peters and Keith Johnson, WSJ, Jul 8, 2012
http://online.wsj.com/article/SB10001424052702303684004577509120742881442.html?mod=IT_P_pageone_1

[SEPP Comment: The industry complains about the uncertainty of subsidies, yet it thrives on them.]

WEST BRANCH, Iowa—Acciona Windpower's generator-assembly plant here in the heart of the corn belt is down to its last domestic order as the U.S. wind energy industry faces a sharp slowdown.

Demand for the school bus-size pods it assembles to house the guts of a wind turbine is drying up as a key federal tax credit nears expiration. Acciona is now banking on foreign orders to keep the plant going next year, while hoping the credit will be extended.

The debate over renewing the credit is dividing Republicans, with conservative lawmakers from wind states joining Democrats to push for an extension even as the presumptive GOP presidential nominee, Mitt Romney, has made attacks on government support for clean energy, including wind, a centerpiece of his fight against President Barack Obama.

After several years of domestic growth, the U.S. wind industry faces possible layoffs and shutdowns as a key federal tax credit is set to expire. Mark Peters reports from West Branch, Iowa.

The tax policy, initiated two decades ago, currently gives operators of wind farms a credit of about two cents per kilowatt-hour of electricity they generate. Without the credits, wind power generally can't compete on price with electricity produced by coal- or natural gas-fired plants. Analysts predict that if the tax credit expires on Dec. 31, as it is scheduled to, installations of new equipment could fall by as much as 90% next year, after what is expected to be a record increase in capacity in 2012.
Democrats generally support federal backing for wind power and other clean energy, arguing that it needs help to compete with entrenched fuel sources whose environmental and health impacts often aren't included in their costs. Mr. Obama has made several campaign trips to Iowa, where he argued for wind energy's tax credits to be extended. Most Republicans are less bullish on clean energy's prospects, and say the government shouldn't support technologies that aren't commercially viable on their own.

Still wind power has vigorous support from some of the reddest districts in the country, with Republican congressmen in wind-power heavy states like Texas, Iowa, and Colorado backing the industry tax credit.

Mr. Romney has criticized the Obama administration's support for clean-energy subsidies. "Solar and wind is fine except it's very expensive and you can't drive a car with a windmill on it," Mr. Romney said at a campaign event in March in Youngstown, Ohio. His economic plan says wind and solar power are "sharply uncompetitive" forms of energy, whose jobs amount to a "minuscule fraction" of the U.S. labor force. A campaign spokeswoman said Mr. Romney supports "the development of affordable and reliable energy from all sources, including wind." He hasn't publicly called for the renewal of the tax credit for wind.

"That's a conversation I need to have with Gov. Romney," said Rep. Steve King, an Iowa Republican and a member of the House Tea Party Caucus who says 5,000 wind-industry jobs statewide and locally-produced clean energy are proof of the benefits of federal policies that support wind power. Iowa has gained several wind-power manufacturing facilities in recent years and ranks second among U.S. states in number of wind farms, after Texas. Terry Branstad, the state's Republican governor, also backs a renewal of the credit.

The production tax credit has spurred huge growth since it was signed into law by President George H.W. Bush in 1992, but it has kept the industry's future tied to the vagaries of Congress. The credit now is caught in the congressional gridlock of an election year, and a vote on renewal isn't likely until after November. Even if renewed then, the pipeline of projects next year is already crimped.

"In some way, it's too late to save 2013 build," said Matthew Kaplan of consultancy IHS Emerging Energy Research.

The credits for wind have expired three times before, most recently in 2004, with new construction slowing sharply each time before the credit was later renewed.

Now the stakes are higher, because the wind industry has established a manufacturing base in the U.S. to build many of the 8,000 parts that go in a typical turbine. Industry data show manufacturing facilities in the U.S. have more than doubled since 2009 to around 470 in 2011. Meanwhile, wind's share of U.S. electricity output has grown to 2.9% last year, from about 1.3% in 2008, according to the Energy Information Administration.

"There is a lot more skin in the game," said Joe Baker, chief executive of the North American wind power subsidiary of Acciona SA, ANA.MC +0.48% a Spanish company. Its Iowa plant gets
80% of its components from North America, mostly made in the U.S. Almost no components came from the U.S. when the plant opened in 2008.

Many Republicans argue that any benefits from wind power don't justify government investment. "What do we get in return for these billions of dollars of subsidies?" Sen. Lamar Alexander, a Tennessee Republican who has long criticized the tax credit for the wind industry, said in a speech earlier this year. "We get a puny amount of unreliable electricity."

Local communities are now fearing layoffs in the industry, which employs an estimated 75,000 people nationwide. A Siemens AG SIE.XE +0.33% turbine-blade factory is the largest employer in Fort Madison, Iowa, which has struggled with one of the state's highest unemployment rates. Mayor Brad Randolph said getting the plant "really was a corner turner," but with industry's current outlook "you could see a large number of employees getting laid off. That could be a game changer the other way."

Vestas, a Danish company that is the biggest manufacturer of wind turbines in the world, employs about 1,700 people at four factories in Colorado, a relatively energy-rich state that has also benefited from wind's growth. Uncertainty over the tax credit "requires us to have a flexible plan for the future that allows us to add, adjust or eliminate positions in 2012," a Vestas spokesman said.

That uncertainty trickles down the supply chain. Walker Components, a privately held company in Denver, expanded operations more than two years ago to supply gear for Vestas turbines. Now, like others that supply the wind industry, the company is contemplating layoffs in its wind division if the credit expires.

Acciona's Mr. Baker said a few employees recently left for other jobs, telling him they wanted to be in industries with more stable outlooks. "It became an employment issue for them. They're not sure. They don't like the seesaw effect," he said.

Write to Mark Peters at mark.peters@dowjones.com and Keith Johnson at keith.johnson@wsj.com

***************

3. The Smartest Guys in Green
When global warming met German actuaries.
By Anne Jolis, WSJ, Jul 11, 2012
[SEPP Comment: How to make money in the green game – have governments take the risk.]

The green economy can't seem to catch a break. Colorado-based Abound Solar is now the latest U.S. federal loan recipient to declare bankruptcy. Venture capital and private equity make up less than 4% of total alternative-energy investment. A low-carbon subsidy race between China and Germany, to which the U.S. arrived late with $47 billion since 2009, has yielded a growing glut. Global solar-panel manufacturing capacity alone is nearly double demand for the panels, according to new figures from Greentech Media.
But there's still money to be made in green. For an example of how, look no further than Munich Re, one of the world's oldest for-profit worrywarts and the "Greenest Company" of 2011, according to Newsweek magazine.

Since 1880, Munich Re has been an authority on all that might go wrong and how much it will cost—including climate change. It issued the first corporate global-warming alert in 1973, flagging that rising CO2 might be affecting its disaster-loss trends, and has been stumping for low-carbon financing and regulation ever since. But as board member Thomas Blunck said on a recent phone call, "global warming is not only a risk, but also an opportunity, as new technologies have enormous growth potential in times of consistent climate protection."

And Munich Re has invested some money in green tech—about €500 million out of its €212 billion total investment portfolio. Mr. Blunck says more investments are "also possible" through the Desertec Industrial Initiative that Munich Re founded in 2009 to develop Saharan solar and wind power, with a first pilot project in Morocco. So far though, the $1.4 billion that's been committed to Moroccan solar has come from the World Bank, the African Development Bank, the European Investment Bank, the Moroccan Agency for Solar Energy, and development banks backed by French and German taxpayers.

Mr. Blunck goes on to describe the months of in-house risk assessment that Munich Re conducts before investing its own capital. Along with granular technical due-diligence, the company also closely monitors the chief threat to returns on green technology ventures: Politics.

Exhibit A is Spain, where an early election last November resulted in billions in cuts to wind and solar guarantees. Only months earlier, Munich Re had bought a 37% stake in Grupo T-Solar's existing Spanish and Italian photovoltaic parks. But Mr. Blunck said the company had "anticipated the cuts, and so far there's no impact on our investment. It just confirmed our approach." That is, "to analyze the political-regulatory framework frequently and act accordingly. Diversification is a key element in our investment strategy, not only on the technical side but also regulatory wise."

The T-Solar deal gave Munich Re the option to acquire more turnkey operations in the future, and sure enough T-Solar demonstrates political diversification nicely. The company is still making new photovoltaic panels—just not for Spain. Last year T-Solar closed a $165 million deal with the Peruvian government to produce solar electricity there.

Peruvian law guarantees priority grid access to alternative energy, and requires that end-users pay above-market premiums to deliver a fixed 12% internal rate of investment return. Even so, taxpayers are bearing most of the risk: T-Solar's Peruvian project is being financed with a $131 million senior loan from the U.S. Overseas Private Investment Corporation (OPIC), $14.3 million from Dutch and French public development banks, and $19.7 million from T-Solar itself.

Rate guarantees similar to Peru's are common in Europe, and in recent years have proliferated in the Third World and California, Florida and Vermont. But they're still not enticing investors to bet big with their own money, and in 2009, Munich Re saw another opening: insurance to cover renewable manufacturers and operators, and "thus help to make such investments at all possible."
Munich Re's bespoke wind, solar and other-renewable insurance is now worth in the "mid two-digit million-euros range," according to Mr. Blunck. He expects the business to increase to half-a-billion by 2015, though so far Munich Re has turned down more manufacturers than it's insured. "We're extremely conservative," says Mr. Blunck. Translation: no Solyndras.

Other insurers are starting to explore the niche market, and American taxpayers might be relieved to learn that OPIC insured $35 million of its aforementioned $131 million Peruvian solar loan, with partial coverage from municipal bond-insurer Assured Guaranty.

Elsewhere, financiers aren't falling over themselves to cover taxpayer-backed risks. A spokeswoman for Bank of America confirms that none of its $1.4 billion in financing for U.S. rooftop solar-power is insured—except through an 80% loan guarantee from the Department of Energy. The original panel supplier for that project, by the way, was none other than Solyndra.

There's always hoping, but so far Mr. Blunck says that "the demand is coming from private stakeholders." Which about sums up everything worth knowing about the global green economy. Why bother with insurance when taxpayers can be counted on to pony up?

Miss Jolis is an editorial page writer for The Wall Street Journal Europe.

***************

4. The Price of Green Virtue
The bill starts to come due for California's climate change law.
Editorial, WSJ, Jul 6, 2012
http://online.wsj.com/article/SB10001424052702304870304577491152903293004.html?mod=ITP_opinion_2

When California's economy was booming in 2006—remember that?—Governor Arnold Schwarzenegger and many Californians wanted to show their environmental virtue by becoming the first state to pass a comprehensive climate change law. And so they did, for which the bill is starting to come due.

Lawmakers and environmentalists predicted that the new law, called AB 32, would become a model for the rest of the nation. It never did. They also said the Golden State's head start in developing green technologies would create thousands of new jobs. In 2008 the California Air Resources Board even estimated that the new rules and cap-and-trade tax would increase state GDP. In short, AB 32 was sold to the voters who declined to overturn it in a 2010 referendum as a green free lunch.

Now fast forward to 2012. California's economy is still struggling, the jobless rate is 10.8%, and AB 32's taxes and regulations are starting to bite. Two new studies by private consulting firms add up the real-world cost to California families and businesses.

The first study—sponsored by the California Manufacturers and Technology Association, whose members employ 1.2 million residents—estimates the price tag for three major new regulations associated with the law: cap-and-trade taxes on carbon emissions, a "low carbon fuel standard,"
and a stringent 33% renewable mandate for electricity production. Together these policies raise
energy costs and are expected to reduce state GDP by between 3.5% and 8.9% by 2020.

Even under the "optimistic" scenario, that's a loss of up to $447 billion in California output over
eight years and represents a bigger loss in income than the 2008-09 recession. The cost per
California family is estimated at $2,500 a year due to higher costs. Repeat after Milton Friedman:
There is no such thing as a free lunch.

One alarming conclusion is that "emissions reductions due to economic harm account for 26% of
total reductions, more than any ARB mandated program" except cap and trade. This means that a
major way Californians will reduce their greenhouse emissions is by slower growth, chasing
industry out of the state, and putting more people out of work. If Californians produce less, their
carbon footprint is smaller. The Sierra Club must be loving this weak recovery.

The second study by the Boston Consulting Group for the Western States Petroleum Association
examined AB 32's low carbon fuel standard. This regulation requires a 10% reduction in the
carbon intensity of California transportation fuels by 2020, which can only be achieved with
biofuels (but not corn ethanol because it is too carbon intensive).

This idea was devised in 2006 when the Bush Administration fantasized that cellulosic ethanol
would soon become plentiful and cheap. The White House and Congress thought that by 2011 the
U.S. would be producing about 240 million gallons a year. Even with lavish federal subsidies, it
produced about seven million. (See "The Cellulosic Ethanol Debacle," December 14, 2011.)

So the California government is forcing oil and gas companies to sell a fuel that barely exists. The
only viable short-term compliance option is for California to import sugar-cane ethanol from
Brazil. One result is that gasoline prices could rise by anywhere between 50 cents and $2.70 a
gallon at the pump after 2015, says BCG. Californians could pay $6 a gallon. Maybe this is how
Sacramento politicians think they can get left coasters to ride their high-speed train.

Environmentalists dismiss these studies as biased, but they echo the government's own recent
studies. The only real argument is over the extent of the economic damage. Californians may
believe this price is worth it, but they shouldn't pretend they aren't paying it.

*****************

5. The Shale Gas Secret
Why did drilling boom in America, while it struggles in Europe?
Editorial, WSJ, Jul 13, 2012
http://online.wsj.com/article/SB10001424052702303919504577520421300962752.html?mod=W
SJ_Opinion_LEFTTopBucket

'Whoever owns the soil, it's theirs up to Heaven and down to Hell." So goes the ancient common-

We mention this because that blessing of American jurisprudence helps explain one of the few
bright patches in the Obama economy—the booming production of shale gas and, increasingly,
oil. The U.S. ranked 159th in GDP growth last year. But in natural gas production, it's now No. 1.
How did that happen? Partly it's the luck of geology, though plenty of other countries have abundant shale resources. Partly, too, it's American technological leadership in developing hydraulic fracturing (fracking) and horizontal drilling. But those techniques are now widely understood the world over.

What gave the U.S. its edge is that the early development risks were largely borne by small-time entrepreneurs, drilling a lot of dry holes on private land. These "wildcat" developers were gradually able to buy up oil, gas and mineral leases from private owners while gathering enough geological data to bring in commercial producers.

Take Texas's Barnett Shale, a particularly tight rock formation that had been eluding speculators for years. Houston-based Mitchell Energy & Development Corp. spent the 1980s refining horizontal drilling techniques, and by 1996 it was producing Barnett shale gas.

Jason Dvorin, a partner in the Dallas-based oil and gas leasing and exploration firm Dvorin LLC, recounts that when his father Sanford heard of Mitchell's success, he decided to go all-in, having also spent years chasing Barnett shale. In 1997, father and son began buying individual leaseholds for mineral, oil and gas rights at $25-$50 an acre. By the time they sold their productive leases at the end of 2007, Mr. Dvorin recalls, they were going for as much as $30,000 per acre. "Even today, in a depressed market, operators are still paying $1,500 an acre."

Meantime, some of the property owners who leased their mineral rights to companies like Dvorin have received royalty checks, typically worth at least 12.5% of production value. That's encouraged further leasing and exploration, generated popular momentum for fracking, and brought development to previously depressed regions such as western Pennsylvania and the Bakken area of North Dakota.

Now compare this to Europe, which sits on an estimated 639 trillion cubic feet of shale gas yet remains heavily dependent on Russian imports. The governments of France and Bulgaria have banned fracking on dubious safety grounds, with nary any pushback from their publics. That might not be the case if French farmers, for example, were able to profit from the riches underneath their terroir.

Countries such as Poland and Great Britain are willing to develop their shale potential. Yet in both places the absence of private mineral rights has delayed exploration and production.

In 2008, U.S.-based Cuadrilla Resources obtained a license to explore underneath some 297,000 acres of Lancashire countryside in the U.K. It has since been completing its tests, negotiating surface-use agreements with landowners, and wading through the planning, health and safety approvals it needs before it can finally apply for a license to produce and commercialize the gas. Those final negotiations will take at least a year, once they commence in mid-2013.

As for Poland, Exxon Mobil recently abandoned a large regional concession there when its two test wells didn't meet expectations. For a company of Exxon's size, it may not be profitable to spend time drilling a lot of dry wells in Poland when it can focus on more established and "de-
risked" prospects elsewhere. But smaller developers might be willing to take risks and explore the geology a little more thoroughly—if only they could gain private title to the resources.

In time, perhaps even the French will recognize their lost opportunity and lift their ban on fracking. But the deeper lesson is that this is a revolution that came about not through government planning or foresight, but through a combination of individual risk-taking and private property. Europeans could benefit by doing more to broaden the latitude for both.