

# Bryan Cave Energy Update

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## *Climate Change*

### **Scientists Express Doubt on Global Warming, New Research Finds Problems with IPCC Data**

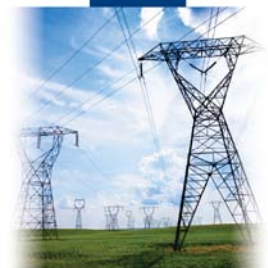
New research is casting doubt on earlier claims by the U.N. Intergovernmental Panel on Climate Change that greenhouse gases have already heated the world and that additional warming would have devastating impacts on humanity and wildlife. Instead, researchers have found that data collected over the past 150 years from thousands of weather stations may have been seriously compromised due to urbanization, changes in land use and simply moving the stations. John Christy, professor of atmospheric science at the University of Alabama in Huntsville and a former lead author for the IPCC, has published papers on the effects of the problems with the weather stations in east Africa, California and Alabama. "The story is the same for each one. The popular data sets show a lot of warming but the apparent temperature rise was actually caused by local factors affecting the weather stations, such as land development." He added that the IPCC's climate data "are contaminated with surface effects from industrialization and data quality problems" that "add up to a large warming bias." For example, weather

stations were found to have their readings distorted by heat-generating equipment such as air conditioners or waste treatment plants.

However, Kevin Trenberth, a lead author of the IPCC report, said the problems cited by Christy had been addressed. "We also have physical changes like the fact that sea levels have risen around five inches since 1972, the Arctic icecap has declined by 40 percent and snow cover in the northern hemisphere has declined."

### **U.N. Climate Chief Resigns**

Yvo de Boer, the United Nations' top climate official, resigned on Thursday after failing to produce a binding legal treaty requiring the world's major emitters of greenhouse gases to reduce their carbon output. His resignation is effective July 1. "It was a difficult decision to make, but I believe the time is ripe for me to take on a new challenge," said de Boer. He will join the consulting group KPMG as an adviser on climate and sustainability. Many observers said de Boer's resignation signals that the U.N. role in climate negotiations has been usurped by the largest climate emitting nations.



## **Bangladesh Seeks Rapid Climate Change Fund Disbursements**

Bangladeshi Prime Minister Sheikh Hasina is urging countries that pledged \$30 billion to address climate change to quickly deliver the promised funds. “Bangladesh needs quick disbursement of the fund promised in Copenhagen .. as we have already started the mitigation programs,” Hasina said. “We have built 100 new cyclone shelters and more are on the way,” she added. Bangladesh has earmarked \$100 million in Climate Change Funds in its 2009-2010 fiscal budget. Bangladesh is eligible to request 15 percent of the Copenhagen fund as it has about 15 percent of the estimated 1 billion people that may be most at risk from the impacts of climate change.

## **Starbucks and Nike Launch Effort in Support of Climate Legislation**

Nike and Starbucks have launched a “Race for American Jobs” campaign to urge Congress to pass climate change legislation. The campaign, which includes businesses, unions, and youth groups, wants to pressure the Senate to pass legislation similar to the House-passed climate change bill because they say it will create jobs and reduce dependency on foreign oil. Jim Hanna, director of environmental impact at Starbucks, said that “climate changes poses a direct threat to our business” since coffee beans only grow in some climates. Organizers will hold events around the country to gather signatures and support from other business leaders.

## **White House**

### **Draft NEPA Guidance Requires Accounting of Climate Change**

The White House this week released draft guidance that will require federal agencies to consider greenhouse gas emissions and climate change when conducting reviews as required by the National Environmental Policy Act. The guidance indicates a quantitative analysis would be required if a proposed federal action could be expected to cause direct emissions of 25,000 metric tons or more of carbon dioxide equivalent. In addition, the analysis would be required to quantify cumulative emissions over the life of the project, address ways to reduce emissions, consider alternatives and address the link between any such emissions and climate change. The Council on Environmental Quality will accept comments on the draft guidance for 90 days.

### **DOE Outlines Obstacles to CCS Implementation**

Several legal, technological, and social barriers must be overcome if carbon capture and sequestration (CCS) is to be commercialized, according to a senior Department of Energy official. Speaking at a conference of state utility regulators, James Markowsky, Assistant Secretary for fossil energy, said that public concern over carbon dioxide being sequestered “under their backyard” and long-term legal and financial liability for sequestered carbon dioxide could prevent implementation of the technology. “You are not going to have a company put an item on their balance sheet, in their annual report, that’s an unqualified liability. This is a major, major concern.” He added that public acceptance is another concern and noted that public fears over nuclear power “caused the

industry not to build any power plants” and that “we do not want the same thing to happen with carbon storage.” He said, “Unless the public is comfortable with having CO2 under their backyard, it’s going to be very difficult” to convince people that commercialization of CCS technology should be “welcomed, not picketed.”

## **Congress**

### **Cantwell-Collins Alternative Spurs Lobbying Activity**

More than 40 businesses and organizations have announced plans to lobby regarding the climate change legislation sponsored by Sen. Maria Cantwell (D-WA) and Susan Collins (D-ME) that is viewed as an alternative to cap-and-trade legislation. The list of lobbyists who registered their intentions to lobby on the measure include natural gas companies, coal-fired utilities, and companies such as Exxon Mobil.

Many are concerned that companies will not be able to recover from the cost of the carbon shares required in the bill.

Companies that extract fossil fuels would be required to purchase carbon shares in an auction for each ton of carbon they sell; and, the cost of the shares are expected to be passed onto consumers in an effort to promote cleaner energy sources. The bill would return most of the money raised by the bill to consumers through a dividend.

### **Energy and Commerce Committee Investigates Hydraulic Fracturing**

House Energy and Commerce Committee Chair Henry Waxman (D-CA) and Energy and Environment Subcommittee Chair Ed Markey (D-MA) have sent requests for information to eight oil-field service companies about the chemicals used during hydraulic fracturing. Waxman and Markey are seeking data on the types and amounts

of chemicals used in hydraulic fracturing fluids, the proximity of injections to water sources, the overall environmental and health impact of the drilling technique, and the chemical contents of waste water produced. “Hydraulic fracturing could help us unlock vast domestic natural gas reserves once thought unattainable, strengthening America’s energy independence and reducing carbon emissions,” Waxman said. “As we use this technology in more parts of the country on a much larger scale, we must ensure that we are not creating new environmental and public health problems.” The industry has said hydraulic fracturing is safe and regulated fairly. The American Petroleum Institute said the practice is “a safe technology” that has been “used for more than 60 years in more than 1 million U.S. wells without a single confirmed instance of groundwater contamination.”

## **Industry**

### **Climate Coalition Loses Membership over Lack of Natural Gas Promotion Efforts**

ConocoPhillips, Caterpillar and BP America have left the U.S. Climate Action Partnership because pending climate legislation in Congress does not sufficiently promote natural gas consumption and puts the transportation sector at a disadvantage compared to coal. The partnership is a collation of more than 24 companies and environmental groups that have lobbied Congress to pass cap-and-trade legislation. In a statement, ConocoPhillips Chairman and CEO Jim Mulva said, “House climate legislation and Senate proposals to date have disadvantaged the transportation sector and its consumers, left domestic refineries unfairly penalized versus international competition, and ignore the critical role that natural gas can play in reducing GHG emissions.”

BP expressed similar concerns and said that the legislation “should create a price for carbon that is across the entire spectrum of the economy.”

### **Alaska Solicits Chinese Investment in North Slope Oil and Gas Development**

Gov. Sean Parnell (R-AK) recently said he would invite Chinese investors to Alaska to discuss possible investment in the state’s plans to build a gas pipeline to market the gas obtained from the North Slope.

Alaskan Lt. Gov. Craig Campbell said, “As North Slope oil production continues to decline, we must work diligently to find additional economic development opportunities. Now is the time to significantly increase our marketing efforts in Asia.” He added that Alaska could “become a significant partner with China in the development of value-based products from our natural gas resources.”

### **Google Approved to Sell Electricity**

The Federal Energy Regulatory Commission (FERC) this week granted Google Energy, a subsidiary of Google Inc., to sell electricity at market prices in wholesale markets. The FERC order, which allows Google Energy to sell electricity similar to generation and utility companies, was granted because Google does not own or control wholesale generation transmission facilities and is not active in the retail market. Google said its subsidiary will allow it to better manage its electricity costs and help it use cleaner energy. FERC Chairman Jon Wellinghoff said other companies with large energy costs may follow Google’s lead and participate on the supply side of the electricity market as a way to control costs. He added that such companies could also help control load issues on the grid by providing ancillary services.