

Wry Heat

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Obama administration still clueless on energy

After a year on the job, the Obama administration has learned little about energy. They still claim that “green” jobs will be created in the electrical generation sector if only we switch to more wind and solar energy projects.

Their claim that 5 million new jobs will be created in the energy sector over the next ten years is just not credible. Consider that, according to the Bureau of Labor Statistics, the entire electrical generation industry, from mining, manufacturing equipment, power generation, and transmission, currently employs just under one million people. Where is Obama going to put 5 million more people? Will he have platoons of people peddling bicycles hooked to small generators? And in the State of the Union speech, he pushed for job-killing climate legislation in spite of recent events showing that the data have been fudged. During the speech, Obama was laughed at after referring to the “overwhelming scientific evidence on climate change.” First the audience laughed, then Pelosi and Biden, and finally Obama himself smirked at the insanity of his remark. Maybe his speech writers should read the news.

So called “green” energy is more expensive than fossil-fuel generated electricity, so energy costs would necessarily increase. Our economy is very sensitive to energy costs, so rising costs would more likely result in job losses rather than more employment.

According to a Cato Institute study (Policy Analysis 280), wind generation costs are 6-7¢ per KWh vs. 3¢ for natural gas, 2.2¢ for coal, and 1.7¢ for nuclear. Solar power costs 38¢ to 53¢ per KWh. The Cato report also said that the materials required for thermal-solar projects were 1,000 times greater than for a similarly sized fossil-fuel facility, and therefore would create substantial incremental energy consumption and industrial pollution. A major environmental cost of photovoltaic solar energy is toxic chemical pollution (arsenic, gallium, and cadmium) and energy consumption associated with the large-scale manufacture of photovoltaic panels. The installation phase has distinct environmental consequences, given the large land masses required for solar farms—some 5 to 10 acres per MW of installed capacity.”

The Administration touts “fast-tracking” solar development in the west, but has limited permits to 670,000 acres of more than 30 million suitable acres available.

Wind-generated electricity, especially, is intermittent and unreliable, so that it requires conventional backup generating capacity. Energy companies will have a hard time monitoring and switching between generation sources to meet demand and prevent blackouts or brownouts.

The Interior Department policy does not help wind-power. The Cape Wind Project in Nantucket was to be the first off-shore venture, but Interior will allow the area to be listed on the National Register of Historic Places, thus precluding development.

During the State of the Union speech, Obama gave lip service to off-shore petroleum exploration. During the Bush administration, Congress lifted a moratorium on off-shore exploration, but Obama's Interior Department has imposed a de facto moratorium while they "study" a leasing program. In 2009, the administration leased less land for energy development than that of any other year on record, according to the American Energy Alliance. And government revenues from leasing in 2009 were just one-tenth that in 2008. Meanwhile China is buying up all the leases it can get, some close to American shores.

The Interior Department has withdrawn most of the offered leases for natural gas in Utah, delayed oil shale research and demonstration projects in Wyoming, Utah, and Colorado, and blocked uranium mining in Arizona. Obama proposed development of nuclear energy. But, last year, in a sop to Senator Harry Reid, the Yucca Mountain nuclear repository was closed, so nuclear waste will continue to be stored in barrels near the generating plants rather than safely underground.

Biofuels such as ethanol require heavy government subsidies. According to the Journal of Environmental Monitoring, ethanol subsidies amount to the equivalent of \$1.95 per gallon on top of the gasoline retail price. At present, no automobile manufacturer will extend an engine or parts warranty for vehicles that use more than 10 percent of ethanol content in fuel, except for vehicles specifically designed to run on E-85 fuel. This means that the majority of cars on the road today in the United States are not under warranty for anything other than gasoline containing 10 percent ethanol or less. Currently, ethanol displaces about 2% of gasoline and saves relatively little in petroleum imports. Ethanol is not as energy efficient as gasoline. A 2006 study by Consumer Reports found that an E-85 vehicle delivered 27% less mileage than a similar gasoline-powered vehicle. A study from Stanford University found that ethanol-powered E-85 vehicles significantly increased ozone, a prime ingredient of smog.

While the Obama administration is all starry-eyed over "green" energy, it is unlikely that solar, wind, and biofuels taken together would ever account for more than 2- to 3% of total energy use. For the next few decades, at least, fossil fuels will continue to provide about 85% of energy. What the government should do is remove restrictions to exploration and development of our domestic resources. For instance, in 2007, the Department of the Interior inventoried 99 million acres of federal land which it estimated to contain 21 billion barrels of oil and 187 trillion cubic feet of natural gas. DOI found that due to restrictive regulations "just 3 percent of onshore Federal oil and 13 percent of onshore Federal gas are accessible under standard lease terms."

The Department of Energy estimates that the Green River formation in NW Colorado, SE Utah, and SW Wyoming contains 1.8 trillion barrels of oil in shale that could be economically produced. That is more than three times the total reserves of all Mid-East oil fields.

Off-shore resources are also restricted. The Minerals Management Service (of DOI) estimated that there are about 86 billion barrels of undiscovered, recoverable oil and about 420 trillion cubic feet of undiscovered, recoverable natural gas in the Federal Outer Continental Shelf of the United States, but 85% of this resource is off limits due to federal and state restrictions.

The U.S. has vast coal supplies which could be turned into gasoline, diesel, and other fuels. Coal reserves in Illinois alone, for instance, have the energy equivalent of all the oil in Saudi Arabia and Kuwait combined. The process was invented by the Germans in 1920 and perfected more recently by Sasol in South Africa. According to *Business Week*, Sasol “churns out 160,000 barrels of gasoline, diesel fuel, and jet fuel a day, enough to cover 28% of South Africa’s needs, without using a single drop of crude oil, imported or otherwise.” Cost is equivalent to about \$30- to \$35 per barrel of oil. This source alone could end our dependence on Mid-East oil.

Investors Business Daily (IBD) points out that China is attempting to lock up oil reserves throughout the world, including “in America’s backyard, Argentina, Venezuela, and Canada, and in a country America presumably dominates, Iraq.” At the same time, American oil companies are being discouraged by government, from exploring and exploiting domestic reserves. IBD opines that “What the world is witnessing is the largest peaceful transfer of power in history. Energy means power, and while the U.S. is consumed by environmental ideologies and climate rhetoric, it is committing economic hara-kiri in the process. China, riding on energy acquisitions with little competition, will propel itself into the economic stratosphere.” Obama’s stated goal of reducing our dependence on foreign oil seems to be based on a green fantasy, blinded by ideology.