



US Coal Plants In Serious Trouble

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Global warming fears have led to the cancellation or indefinite delay of dozens of proposed coal plants in recent months in almost every corner of the United States because of the fuels commonly used to run power plants, none releases more carbon than coal.

But with a few notable exceptions, the debate over coal's role in global warming has had much less of an impact in the Southeast, which is more dependent on coal than much of the rest of the country and where some state regulators remain skeptical that the positives of restricting carbon emissions outweigh the negatives, NBC said.

"This country will go back to the Dark Ages if this carbon hysteria takes over," Theodore Morrison of the State Corporation Commission complained during a hearing this year on a proposed new coal-fired plant in Wise County, Va.

"Sometimes I wish we had never gone to the moon, because everybody says, well, we can change the climate in this country, we went to the moon," said Morrison, who recently retired from the commission. "Carbon dioxide. I am breathing a lot of it out right now. You are too."

According to the Energy Department and the Sierra Club, plans for about 170 new coal plants have been announced since 2005. Utilities argue that unless more plants are built, the country will face disastrous energy shortfalls within a few years.

Environmental groups are skeptical of the industry's need-energy-now rationale for the coal boom, charging that the industry is rushing to build as many coal plants as possible before

new carbon controls under debate in Congress are put in place.

Those regulations likely would cap emissions and require utilities to pay for their emissions, install technology to capture carbon or a combination of those measures.

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Kansas cited global warming itself last fall as the reason for denying an air permit for a new coal plant.

"It would be irresponsible to ignore emerging information about the contribution of carbon dioxide and other greenhouse gases to climate change," the state's environment and health secretary, Roderick Bremby, said in announcing the decision.

The uncertainty over potential state and federal regulation has also reduced enthusiasm on Wall Street to bankroll new coal plants. David Schlissel, a senior consultant at Synapse Energy Economics, said, "It's not a matter of 'if' in terms of greenhouse gas regulation, but 'when,' and what form does it take?"

The likelihood of added future costs to control carbon makes the plants a riskier bet for lenders. More risk generally means higher borrowing costs.

And it isn't just Wall Street that's wary. Earlier this year, the federal Rural Utility Service revealed that it had stopped providing government-backed low-interest loans for coal facilities until it could better account for carbon emission risks.

Meanwhile, lawsuits, permit denials and the

uncertainty over future regulation led to the cancellation or delay of 59 new coal plants in 2007, according to the Sierra Club.

But unlike California, which gets less than one percent of its electricity from coal plants, or most Northeastern states, where coal accounts for less than 25 percent of the energy mix, the Southeast relies heavily on coal for power--most states in the region get half their electricity from coal. Environmentalists and those in the industry say that dependence has helped prevent the carbon emission argument from gaining much traction.

According to the Pew Center on Global Climate Change, 17 states have set independent targets for greenhouse emission reductions in coming decades. Only two--Florida and Virginia--are in the Southeast. And like all but five of the other 15 states, Florida and Virginia did not make the targets mandatory.

However, that carbon emissions have played less of a role in energy discussions in the Southeast than in other parts of the country doesn't mean the subject hasn't come up.

When Dominion Virginia Power contended that the plant it wants to build in Wise County, Va., would be carbon-capture-compatible and that the technology would be installed once it becomes commercially available, Virginia regulators did not agree.

They said the company's definition of compatible was simply that it had set aside space to install the technology and that the plant was located near Virginia's coalfields, which scientists think could one day be used to store captured carbon.

In the News

Reconciling Oil & Environment



Years of public scrutiny, ever-newer technologies, more government regulations, notions of corporate responsibility and the market-driven need for greater efficiency are all factors behind improvements in the environmental policies of Latin America's petroleum industry.

"Our line makes it incompatible to exploit the underground riches as long as above ground people are living in poverty," says Juan Bravo, manager of the environmental wing of Venezuela's state-run oil company PDVSA in the Orinoco belt in the southeast, IPSNews said.

For decades, oil and natural gas exploitation in Venezuela polluted fields, rivers, lakes and cities, and fostered the growth of poor settlements around the installations where the country's oil wealth was produced.

But since the industry was nationalized in 1976, no fossil fuel deal has been approved without including projects for social improvement and environmental preservation. In laying a natural gas pipeline between northern Colombia and northern Venezuela, PDVSA Venezuelan state oil company, spent 15 million of the original 150 million dollar investment on community development programs in the areas the pipeline crossed.

In the Orinoco belt, an area of around 55,000 square kilometers holding an estimated 1.2 trillion barrels of extra heavy crude, at least one-fifth of which is believed to be recoverable, the PDVSA and some 30 foreign corporate partners pump half a million barrels per day.

"To a large degree, the environmental achievements are due to the new codes of conduct for global energy companies. They don't enter into any deal without seeing the state of the land and without conducting environmental hearings," Venezuelan petroleum engineer Diego Gonzalez told Tierramerica.

Horizontal Extraction

For example, unlike the conventional oil fields in eastern Venezuela, cluttered with thousands of vertical oil pumps, oil is now extracted horizontally: when the drill reaches the level of the petroleum deposit underground, submersible pumps draw out the crude from various points, without altering the surface landscape, Gonzalez explained.

In Brazil, the state oil giant Petrobras "conducts monitoring projects that evaluate the environment before implementing the drilling or production efforts," particularly in the Atlantic Campos Basin, northeast of Rio de Janeiro, the company said in a written statement to Tierramerica.

The studies "identify restrictions for the location of the units (drills and pipelines) where there are important ecosystems, like deep-water coral reefs, in order to propose alternatives with fewer environmental impacts. Furthermore, all effluents are monitored, such as the water used in production, sanitation effluents, rubble and fluids from drilling," stated Petrobras. In Ecuador, heavy environmental damage has been caused in the Amazon region by ChevronTexaco over a quarter century, which could mean compensation payouts of seven to 16 billion dollars, the equivalent of the corporation's annual earnings, according to experts in Ecuador.

Ecological Movement

The pollution, caused by more than 600 petroleum waste pits, triggered the emergence of a vast ecological movement with international support to fight oil drilling in the Amazon's Ishpingo, Tambococha and Tiputini fields--in which Brazil's Petrobras is also interested--in order to protect areas of the National Yasuni Park.

"Cases like Brazil and Ecuador tend towards efforts to avoid oil spills, for which technology is constantly being improved. In part, we owe this to the start of production in the North Sea more than 30 years ago," Gonzalez told Tierramerica.

In contrast to the large-scale oil exploitations that in Mexico, Venezuela, the Persian Gulf or the former Soviet Union preceded environmental concerns and legislation, those of Britain and Norway in the North Sea started in the 1970s and had to heed strict environmental standards.

In addition, to make petroleum production profitable in that area and to avoid wasting even one barrel, the companies had to develop safe and modern technologies, which regulators in other countries then began to require as well.

Oil spills continue to be a headache for companies like the state-run Petroleos Mexicanos (Pemex), which faces a serious decline in its oil fields and which spends one percent of its 17 billion dollar budget on environmental matters.

Of the 24,000 barrels of oil that Pemex spills on average each year, one-third are the result of illegal tapping of its pipelines, according to the company. Environmental groups identify Pemex as the most heavily polluting company in Mexico, responsible for 57 percent of the country's environmental emergencies.

In the company's code of conduct, the first item is "to respect and improve the environment", and its 155,000 employees are prohibited from "considering production more important than ecological balance."

Venezuela's PDVSA drew up management plans for the 28 blocks into which the 21,000 square kilometers of the currently exploited portion of the Orinoco belt are divided. New maps and recognition of areas "allow decisions about the best sites and routes for the installations, roads or pipelines, but also for work as a project with each field, beginning with reforestation to capture carbon dioxide (a greenhouse gas), while oil activity continues," said PDVSA's Bravo.

India Boosting Oil, Gas Output

Oil & Natural Gas Corp., India's biggest explorer, plans to invest a total 240 billion rupees (\$6 billion) to boost output from its domestic and overseas fields.

The state-run explorer will spend 180 billion rupees to boost production in India including 110 billion rupees to develop its richest fields located off the nation's western coast. The so-called Mumbai High and adjacent fields contribute as much as 70 percent of the company's total output. It will spend 60 billion rupees on fields abroad, Bloomberg reported.

"These investments will help ONGC sustain its production levels at our biggest fields," Chairman R.S. Sharma told reporters in Mumbai on April 19.

The South Asian nation's biggest crude oil producer aims to raise domestic and overseas supplies to meet rising demand in the world's fastest growing major economy after China. Surging oil prices have led to concerns about inflation and slower growth in Asia's third-biggest oil consumer, which imports 70 percent of its crude oil needs.

New Delhi-based Oil & Natural Gas today started work to boost

production at the Mumbai High south field. It plans to spend as much as 63.4 billion rupees to increase output from the field by 20 percent to 180,000 barrels a day by 2011.

The explorer reported a fall in output in the year through March, India's Oil Minister Murli Deora said told lawmakers on April 15. It produced a provisional 25.9 million metric tons of crude oil, down from 26.1 million tons a year earlier. Natural gas production fell 0.5 percent to 22.3 billion cubic meters.

Oil & Natural Gas may have earned an average \$85 a barrel in the year ended March 31, compared with \$66 in the previous year, Finance Director D.K. Sarraf said today. Crude oil in New York rose to a record \$116.97 a barrel yesterday. The commodity has gained 85 percent in the past 12 months.

The company expects output of 29 million tons of crude and 22.5 billion cubic meters of gas in India in the next financial year. The company expects output of 8.5 million tons of oil and gas from overseas fields and production of 9 million tons in the year ending March 2009, Executive Director of Corporate Finance B.L. Ghasolia said on March 17.