

**The Week That Was: 2011-12-31 (December 31, 2011)
Brought to You by SEPP (www.SEPP.org)
The Science and Environmental Policy Project**

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SEASONS GREETINGS

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SEASONS GREETINGS

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Save the Date: January 23, 211 – SEPP / VA-SEEE Forum in Mathews, VA, 7 pm.

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Quote of the Week:

Nothing illustrates the superficiality of our times better than the enthusiasm for electric cars, because they are supposed to greatly reduce air pollution. But the electricity that ultimately powers these cars has to be generated somewhere — and nearly half the electricity generated in this country is generated by burning coal. [H/t Timothy Wise]

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Number of the Week: \$26.67 per gallon.

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**Annual Report of the Science & Environmental Policy Project (SEPP) for
2011**

The year 2011 was dominated by the subject of global warming. Although SEPP scientists also dealt with other topics (e.g., nuclear radiation, regulation at EPA, energy policy), climate change occupied the main stage, in terms of university seminars, presentations at scientific conferences, briefings both here and abroad, interviews for TV and radio, as well as publications in scientific and popular journals. In all instances, we promoted the results of NIPCC (Non-governmental International Panel on Climate Change), which differ sharply from those of the UN-IPCC (Intergovernmental Panel on Climate Change). [See NIPCC summary report “Nature, Not Human Activity, Rules the Climate,” at http://www.sepp.org/publications/NIPCC_final.pdf, the full report “Climate Change Reconsidered-I,” and the new CCR-II (2011) – at www.nipccreport.org]

Seminars, Talks, Debates:

In a major trip **overseas**, Fred Singer presented seminar talks on aspects of climate change and geophysics. The locations included: Erice (Sicily) Conference, Zurich, U of Hamburg, KNMI (Royal Meteorological Institute), Holland, the Royal Meteorological Institute, Brussels, talks in London and Observatoire de Paris.

Domestic lecture tours included **SoCal**: JPL-Pasadena, Bel Air, Chapman Univ, and Scripps-UCSD-La Jolla; **NoCal and West**: San Jose, Menlo Park, Oakland, DDP Albuquerque, Los Alamos, Colorado State U (Ft Collins) and NIST (Boulder). Other presentations included the Santa Fe Climate Conference, Heartland's ICC-6 in Washington, DC, and many local talks.

SEEE-VA:

In June 2009, we organized a nonpartisan group called Virginia Scientists and Engineers for Energy and Environment, based on the 1000+ Virginia residents who signed the Oregon Petition (see Appendix of NIPCC report). Pres: Fred Singer; VPs Ken Haapala and Randy Randol. We established five Chapters (Northern VA, Richmond, Tidewater, Piedmont, and Shenandoah) and appointed five chapter presidents. In Nov 2009, Virginians elected a Governor, Lt Gov, and Attorney-General who generally agree with our climate/energy objectives. VA-SEEE members continue to write letters to newspapers, give talks, testify at public hearings, etc.

Ken Haapala and Fred Singer spoke at a Forum of VA-SEEE in Richmond, in September 2011

Outreach:

SEPP does not lobby on behalf of political candidates or legislation. We do provide scientific information upon request in testimony to Congress or to other groups.

In response to EPA's request for public comments on its Endangerment Finding (that CO2 emissions constitute a 'pollutant harmful to human health and welfare') SEPP filed scientific objections, based on the evidence assembled in the NIPCC reports. After EPA made this finding, SEPP, together with the Competitive Enterprise Institute (CEI), filed a Petition to the appropriate Federal Court to set aside the Endangerment Finding, since it was based largely on the conclusions of the severely compromised IPCC reports, which the revelations of Climategate reinforced. The Court combined the SEPP / CEI filing with those of many others. In September, the Inspector General of the EPA found that the EPA failed to adhere to the legally-required procedures to assure proper scientific due-diligence in arriving at its claimed scientific finding, as asserted in the filings. An initial Court decision is not expected until mid-2012.

We updated and expanded our web site www.sepp.org. Readers, including students, journalists, and lawmakers, find it a good source of sound scientific information. Our weekly bulletin "The Week That Was" (TWTW) goes to some 5000 addressees: scientists, policymakers, the media, and reaches many more within the public. TWTW is disseminated further by several web groups including <http://wattsupwiththat.com>, the popular blog by Anthony Watts. Based on responses, TWTW is translated into several European languages and is disseminated in Russia, China, India, as well as English speaking countries. TWTW is now edited by SEPP Exec VP Kenneth Haapala, who also pens the column "This Week," which is picked up by several regional newspapers.

Publications, etc.

Fred Singer published a major scientific paper that deals with disparities between climate models and observations – a hotly contested topic but vital for establishing the cause of climate change. http://www.sepp.org/science_papers/Santer_critique_EnE_June2011_FINAL.pdf

Also a scientific update to the NIPCC Summary, published in English and German; available in French and Spanish: http://www.sepp.org/science_papers/ICCC_Booklet_2011_FINAL.pdf

We spent much time replying to comments and questions from readers and were guests at some dozen radio talk shows, TV interviews, etc.

For a group of essays see http://www.americanthinker.com/s_fred_singer/

Financial: SEPP does not solicit support from government or industry. Major contributions came from charitable foundations; contributions from individuals ranged from \$10 upward. SEPP ended 2011 with a small surplus, due primarily to the assignment to SEPP of lecture fees and book royalties from “Unstoppable Global Warming,” plus direct donations by the president of SEPP.

Governance: With the passing of SEPP chairman Prof Frederick Seitz, we reconstituted the Board of Directors:

Chairman: S. Fred Singer (and President)

Vice Chairman: Thomas Sheahen, PhD (MIT, Physics)

Executive Vice President: Kenneth Haapala

Directors: Donna Fitzpatrick Bethell (and Secretary), former Under Secretary, US Dept of Energy
Mark Brandsdorfer, Esq
Kenneth Haapala
Thomas Sheahen

Respectfully submitted

S. Fred Singer, President, SEPP

Kenneth Haapala, Executive Vice President SEPP

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THIS WEEK:

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

Due to space limitations, the This Week section will be brief.

Lump of Coal: On December 23, Lisa Jackson delivered a lump of coal into the Christmas stockings of most Americans and a valuable gift to some. She announced a final Mercury and Air Toxics rule (Utility MACT) that will drive up electricity costs consumers. As discussed in prior TWTWs (e.g. August 6 and September 10) many of the claimed public health benefits to justify these rules simply make no sense. The science is flimsy at best and contradictory at worst. The failures of the EPA to conduct proper scientific investigation will be discussed further in the upcoming TWTW. The annual costs are huge, ranging from the EPA estimate of \$10 billion to an industry estimate of \$100 billion. The consumers will pay the costs of these regulations. The beneficiaries are the utilities, and their stockholders, that are competing with coal plants that will be shut down due to the rules. Please see Article #1 and links under “EPA and other Regulators on the March.”

SEPP Corrections and Amplifications: Reader Russell Cook points out that we misidentified Donna Laframboise as a person of interest in the Department of Justice demand for emails in an apparent effort to identify Climategate leaker(s). This was based on the web sites identified in the Justice demand. We failed to visit the actual web sites. Doing so reveals that the third person is Jeff Id of Air Vent, not Laframboise. The web site addresses are similar. We apologize for any inconvenience this misidentification may have caused. Lesson learned: double-check by visiting the web site.

Last week TWTW discussed the divergence between 33 years of atmospheric temperature measurements by satellites and projections from IPCC models. The discussion included the quote: “When that cooling [from volcanoes] is subtracted, the long-term warming effect is reduced to 0.09 C (0.16° F) per decade,

well below computer model estimates of how much global warming should have occurred.” Several readers found this statement confusing. A more clear statement would have been: When the cooling from volcanoes which appears in the early part of the record is **eliminated** the long-term warming is reduced to 0.09 C per decade, because the estimated temperatures of the early part of the trend are increased.

Of course, global warming advocates do not care for the satellite measurements, including employees of NASA-GISS who prefer surface measurements. Please see further discussion of satellite measurements in links under “Challenging the Orthodoxy.”

Number of the Week: \$26.67 per gallon. Last week TWTW linked to several articles stating the Navy is paying about \$15 per gallon for jet fuel based on a biofuel blend, when jet fuel costs less than \$4 a gallon. Reader Deke Forbes points out that the actual cost of the biofuel is \$26.67 per gallon. The Secretary of the Navy uses the slogan of energy independence to justify paying these amounts. This is another example of government waste from pursuit of alternative fuels.

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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. Lisa Jackson's Power Play

Harming the economy, degrading the U.S. grid: another day at the EPA.

Editorial, WSJ, Dec 22, 2011

http://online.wsj.com/article/SB10001424052970204464404577112520759735602.html#mod=djemEditorialPage_t

2. Ethanol in Winter

Wonder of wonders, the tax subsidy and tariff expire.

Editorial, WSJ, Dec 30, 2011

http://online.wsj.com/article/SB10001424052970204720204577126920356709682.html?grcc=563872a7991722db6d177b05a673fb24Z3&mod=WSJ_hps_sections_opinion

[SEPP Comment: However the mandate continues.]

3. Dark Times Fall on Solar Sector

By Yuliya Chernova, WSJ, Dec 27, 2011 [H/t Deke Forbes]

http://online.wsj.com/article_email/SB10001424052970204552304577117140511996840-1MyQjAxMTAxMDIwODEyNDgyWj.html?mod=wsj_share_email

4. New Forms of Biofuel Fall Short

By Ryan Tracy, WSJ, Dec 28, 2011

http://online.wsj.com/article_email/SB10001424052970204296804577125082495631226-1MyQjAxMTAxMDIwODEyNDgyWj.html?mod=wsj_share_email

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NEWS YOU CAN USE:

Climategate Continued

Co-Opting the US Department of Energy

By Steve McIntyre, Climate Audit, Dec 18, 2011

<http://climateaudit.org/2011/12/18/co-opting-the-us-department-of-energy/>

New Light on Jones’ Document Deletion Enterprise

By Steve McIntyre, Climate Audit, Dec 18, 2011

<http://climateaudit.org/2011/12/18/new-light-on-jones-document-deletion-enterprise/>

What Climategate 2.0 Says About The Prediction Of Multi-Decadal Regional Climate Change

By Roger Pielke Sr, Pielke Climate Science, Dec 19, 2011

<http://pielkeclimatesci.wordpress.com/2011/12/19/what-climategate-2-0-says-about-the-prediction-of-multi-decadal-regional-climate-change/>

Suppressing Scientific Inquiry

Science and Censorship: A Duel Lasting Centuries

By William Broad, NYT, Dec 26, 2011

<http://www.nytimes.com/2011/12/27/science/science-and-censorship-a-duel-lasting-centuries.html?ref=science&pagewanted=print>

[SEPP Comment: The New York Times should apply similar questions and standards to the global warming orthodoxy.]

Person(s) of Interest

Climate crackdown

U.S. Justice Department request puts chill on skeptical bloggers

By Donna Laframboise, Financial Post, Dec 20, 2011

<http://opinion.financialpost.com/2011/12/20/climate-crackdown/>

Challenging the Orthodoxy

Addressing Criticisms of the UAH Temperature Dataset at 1/3 Century

By John Christy with comments by Roy Spencer, His Blog, Dec 21, 2011

<http://www.drroyspencer.com/2011/12/addressing-criticisms-of-the-uah-temperature-dataset-at-13-century/>

Further Confirmation Of Klotzbach Et Al 2009

By Roger Pielke Sr, Pielke Climate Science, Dec 22, 2011

<http://pielkeclimatesci.wordpress.com/2011/12/22/further-confirmation-of-klotzbach-et-al-2009-2/>

Canada Quit Kyoto, Must Now Quit IPCC

By Tim Ball, His Blog, Dec 26, 2011

<http://drtimball.com/2011/canada-quit-kyoto-must-now-quit-ipcc/>

Exposure of global warming deception goes viral

By Kirk Myers, ICECAP, Dec 30, 2011

http://icecap.us/index.php/go/political-climate/exposure_of_global_warming_deception_goes_viral/

Defending the Orthodoxy

Climate Change May Bring Big Ecosystem Changes

By Staff Writers, JPL, Dec 19, 2011

http://www.terraviva.com/reports/Climate_Change_May_Bring_Big_Ecosystem_Changes_999.html

[SEPP Comment: The models project a warming of 2.7 to 4.1 C by the end of the century. The models do not project the current failure to warm. Benefits of enhanced CO2 are ignored.]

Questioning the Orthodoxy

Why a Copernican Revolution Is Needed in Climate Change Research

By Alan Carlin, Carlin Economics and Science, Dec 28, 2011

<http://www.carlineconomics.com/archives/1456>

[SEPP Comment: To understand global climate change we must recognize that man is not the center of the solar system, much less the universe.]

A little humility at the ‘climate research’ crossroads

By Wesley Pruden, Washington Times, Dec 27, 2011

<http://www.washingtontimes.com/news/2011/dec/27/pruden-a-little-humility-at-the-climate-research-c/>

Modern-day climate change witch hunt

By Brandan O’Neill, ABC Drumb, Dec 26, 2011, [H/t GWPF]

<http://www.abc.net.au/unleashed/3747368.html>

Climate Science Reaches a Landmark That Chills Global Warming Alarmists

By James Taylor, Forbes, Dec 28, 2011

<http://www.forbes.com/sites/jamestaylor/2011/12/28/climate-science-reaches-a-landmark-that-chills-global-warming-alarmists/>

India against binding emissions pact: minister

By Staff Writers, AFP, Dec 27, 2011

http://www.energy-daily.com/reports/India_against_binding_emissions_pact_minister_999.html

Somehow

By AW Montford, Bishop Hill, Dec 27, 2011

<http://bishophill.squarespace.com/blog/2011/12/27/somehow.html>

An amusing paper in which the great and good of the climate narrative sit around and mull over what they have achieved and what they would like to achieve.

Rajendra Pachauri: Ever the Activist

By Donna Laramboise, NFC, Dec 23, 2011

<http://nofrackingconsensus.com/2011/12/23/rajendra-pachauri-ever-the-activist/>

Questioning European Green

"Oettinger's think piece" now needs to be backed up with concrete actions

By Karel Beckman, European Energy Review, Dec 22, 2011

<http://www.europeanenergyreview.eu/site/pagina.php?id=3443>

Energy prices creating ‘heat or eat’ decision

Editorial, Moneyfacts, UK, Dec 23, 2011 [H/t GWPF]

<http://moneyfacts.co.uk/news/gas-and-electricity/energy-prices-creating-heat-or-eat-decision231211/>

European Energy Policy: Tramping in the Dark (Andrew MacKillop on the reality of failing public policy)

By Kent Hawkins, Master Resource, Dec 23, 2011

<http://www.masterresource.org/2011/12/european-energy-policy-tramping/#more-17970>

Greener energy will cost £4,600 each a year

The Coalition's plans to convert Britain to green energy would cost the country the equivalent of £4,600 per person a year, according to official forecasts.

Rowena Mason, and David Millward, Telegraph, UK, Dec 29, 2011 [H/t GWPF]

<http://www.telegraph.co.uk/earth/greenpolitics/8980982/Greener-energy-will-cost-4600-each-a-year.html>

[SEPP Comment: Think of the money that can be saved by sharply cutting back on the amount of the electricity supplied to the consumer.]

Lying With Numbers: Green Energy Edition

By Tim Worstall, Forbes, Dec 30, 2011

<http://www.forbes.com/sites/timworstall/2011/12/30/lying-with-numbers-green-energy-edition/>

Expanding the Orthodoxy

Equity: the next frontier in climate talks

By Sunita Narain, Down to Earth, Dec 31, 2011

<http://www.downtoearth.org.in/content/equity-next-frontier-climate-talks>

The Proposed Multi-Dimensional Growth Of The EPA In Climate Science

By Roger Pielke Sr, Pielke Climate Science, Dec 20, 2011

<http://pielkeclimatesci.wordpress.com/2011/12/20/the-proposed-multi-dimensional-growth-of-the-epa-in-climate-science/>

“...the EPA is considering the broadening out of their regulatory authority, but without building on a sound scientific foundation

If the EPA persists in using the top-down IPCC approach to develop impact assessments, they will inevitably develop seriously flawed policy responses.”

Eight Cities Selected To Receive Free Neighborhood Design Consultations Under US EPA Grant

By Staff Writers, SPX, Dec 29, 2011

http://www.energy-daily.com/reports/Eight_Cities_Selected_To_Receive_Free_Neighborhood_Design_Consultations_Under_US_EPA_Grant_999.html

Problems within the Orthodoxy

International Climate Change Assessments

Federal Agencies Should Improve Reporting and Oversight of U.S. Funding

By Staff Writers, GAO, Nov 17, 2011

<http://www.gao.gov/products/GAO-12-43>

[SEPP Comment: The US provides about \$3.1 million a year in IPCC funding. Oversight is lacking and needed of the State Department, National Science Foundation and the US Global Change Research Program, particularly in implementing the 2010 recommendations of the InterAcademy Council (IAC) to the IPCC to enhance its management and quality assurance process. Note that to the knowledge of SEPP the report did not appear until after COP-17. May be the electrons took a detour to Durban to attend the conference.]

Even the Warmists Don't Believe In Global Warming

By Louis Woodhill, Forbes, Dec 28, 2011

<http://www.forbes.com/sites/louiswoodhill/2011/12/28/even-the-warmists-dont-believe-in-global-warming/>

Seeking a Common Ground

Example Of A Bottom-Up, Resource-Based Perspective On Environmental Risks – CBS 60 Minutes – “The Gardens of the Queen”

By Roger Pielke Sr, Pielke Climate Science, Dec 21, 2011

<http://pielkeclimatesci.wordpress.com/2011/12/21/example-of-a-bottom-up-resource-based-perspective-on-environmental-risks-cbs-60-minutes-the-gardens-of-the-queen/>

The risks to coral reefs are dominated by local interference by humans on its ecosystem function.

What seems to be a minor, or even an inconsequential effect, is any warming of the ocean (i.e. global warming)

Despite this short reference to global warming in the CBS report, the report is quite an important addition to the broadening out of environmental issues beyond the myopic focus on global warming.

Warming denialism is in the political eye of the beholder

By Bob Carter, The Drum, AU, Dec 19, 2011 [H/t Joe Bast]

<http://www.abc.net.au/unleashed/3737156.html>

[SEPP Comment: *The difference between science and politics.*]

Communicating Better to the Public – Exaggerate, or be Vague?

As Permafrost Thaws, Scientists Study the Risks

By Justin Gillis, NYT, Dec 16, 2011

http://www.nytimes.com/2011/12/17/science/earth/warming-arctic-permafrost-fuels-climate-change-worries.html?_r=2&ref=earth

[SEPP Comment: *Contrary to the assertion in the article, it was warmer in the Arctic 5,000 to 8,000 years ago than today.*]

Death and Toxins: How Krugman Botched His Mercury Commentary

By Robert Murphy, IER, Dec 28, 2011 [H/t Cooler Heads Digest]

<http://www.instituteforenergyresearch.org/2011/12/28/death-and-toxins-how-krugman-botched-his-mercury-commentary/>

Communicating Better to the Public – Make things up.

Benefits of new air quality rules greatly outweigh costs

By Staff Writers, SPX, Dec 29, 2011

http://www.terradaily.com/reports/Benefits_of_new_air_quality_rules_greatly_outweigh_costs_999.html

Harsh Political Reality Slows Climate Studies Despite Extreme Year

By Justin Gillis, NYT, Dec 25, 2011

http://www.nytimes.com/2011/12/25/science/earth/climate-scientists-hampered-in-study-of-2011-extremes.html?_r=1&nl=todaysheadlines&emc=tha23

Should We Fear the Methane Time Bomb?

By Marlo Lewis, Cooler Heads Digest, Dec 29, 2011

<http://www.globalwarming.org/2011/12/29/should-we-fear-the-methane-time-bomb/#more-11818>

Models v. Observations

A Sharp Temperature Rise Predicted

By David Whitehouse, Observatory, Dec 19, 2011

<http://www.thegwpf.org/the-observatory/4595-a-sharp-temperature-rise-predicted.html>

[SEPP Comment: *As Klotzbach and Gray discussed in their hurricane predictions carried in the last TWTW, the ability of a model to hindcast is not necessarily indicative of its ability to predict.*]

Measurement Issues

A Recent Temperature History (Part 1 of 2) – Richard Muller Does An Incomplete Job

By Ed Caryl, NTZ, Dec 20 2011

<http://notrickszone.com/2011/12/20/a-recent-temperature-history-part-1-of-2/>

[SEPP Comment: *Going further back than 1950 produces different results.*]

Berkeley “Very Rural” Data

By Steve McIntyre, Dec 20, 2011

<http://climateaudit.org/2011/12/20/berkeley-very-rural-data/>

Acidic Waters

“The fishes and the coral live happily in the CO2 bubble plume

By David Archibald, WUWT, Dec 28, 2011

<http://wattsupwiththat.com/2011/12/28/the-fishes-and-the-coral-live-happily-in-the-co2-bubble-plume/#more-53800>

[SEPP Comment: Contradicting the claimed harmful effects of increasing dissolved CO2 in sea water.]

The Ocean Is Not Getting Acidified

By Willis Eschenbach, WUWT, Dec 27, 2011

<http://wattsupwiththat.com/2011/12/27/the-ocean-is-not-getting-acidified/#more-53774>

[SEPP Comment: The scientifically correct term, ocean neutralization, does not have the marketing appeal that of the incorrect term, ocean acidification, has. To alarmists, it is about marketing, not science.]

Comprehensive Study Makes Key Findings of Ocean pH Variations

By Staff Writers, San Diego CA (SPX) Dec 29, 2011

http://www.terradaily.com/reports/Comprehensive_Study_Makes_Key_Findings_of_Ocean_pH_Variations_999.html

"Our data show such huge variability in seawater pH both within and across marine ecosystems making global predictions of the impacts of ocean acidification a big challenge. Some ecosystems such as coral reefs experience a daily range in pH that exceeds the predicted decrease in pH over the next century.

The Political Games Continue

Energy battles set to rage into 2012

By Andrew Restuccia and Ben Geman. The Hill, Dec 19, 2011

<http://thehill.com/blogs/e2-wire/e2-wire/200241-energy-battles-set-to-into-2012>

Cap-and-Trade and Carbon Taxes

European carbon market suffers in annus horribilis

By Staff Writers, AFP, Dec 25, 2011

http://www.energy-daily.com/reports/European_carbon_market_suffers_in_annus_horribilis_999.html

Airlines face EU pollution bill from New Year

By Staff Writers, AFP, Dec 29, 2011

http://www.spacemart.com/reports/Airlines_face_EU_pollution_bill_from_New_Year_999.html

This is not a tax. It's a market," a commission official said.

Car makers risk EUR 10bn fine for EU carbon breach

By Staff Writers, EUBusiness, Dec 20, 2011

<http://www.eubusiness.com/news-eu/auto-climate-carbon.e97>

Quebec launches cap-and-trade program

By Staff Writers, UPI, Dec 16, 2011

http://www.energy-daily.com/reports/Quebec_launches_cap-and-trade_program_999.html

[SEPP Comment: As the country withdraws, the province moves proudly forward.]

Subsidies and Mandates Forever

Despite GOP opposition, light bulb standards will phase in on Jan. 1

By Andrew Restuccia, The Hill, Dec 29, 2011

<http://thehill.com/blogs/e2-wire/e2-wire/201687-despite-gop-opposition-light-bulb-standards-to-phase-in-on-jan-1>

[SEPP Comment: More mercury emissions in homes! There may be very solid economic reasons for converting to florescent bulbs, but it is not the function of Congress to mandate it.]

EPA and other Regulators on the March

EPA disguises an economic disaster as a Christmas gift

By: Diana Furchtgott-Roth, Washington Examiner, Dec 22, 2011

http://washingtonexaminer.com/opinion/columnists/2011/12/epa-disguises-economic-disaster-christmas-gift/2027636?utm_source=12/23/11%20Washington%20Examiner%20Opinion%20-%2012/23/2011&utm_medium=email&utm_campaign=Washington%20Examiner:%20Opinion%20Digest

No Benefits, Extensive Harm in EPA's Mercury Rules

By Craig Rucker, SPPI,

<http://sppiblog.org/news/no-benefits-extensive-harm-in-epas-mercury-rules#more-6639>

The EPA's Mercury Madness

Editorial, IBD, Dec 22, 2011

<http://news.investors.com/Article/595653/201112221818/the-epas-mercury-madness.htm>

EPA issues strong limits on mercury emissions from smokestacks

By Neela Banerjee, LA Times, Dec 21, 2011

<http://www.latimes.com/news/local/environment/la-me-gs-epa-mercury-20111221,0,2161637.story?track=rss>

MACT Reactions: Renewed Concerns About Costs, Reliability

By Staff Writers, POWERnews, Dec 28, 2011

http://www.powermag.com/POWERnews/4276.html?hq_e=el&hq_m=2352931&hq_l=5&hq_v=5e660500d0

Merry Christmas America, Now Give Us Your Money - Love, EPA.

By James Taylor, Forbes, Dec 22, 2011

<http://www.forbes.com/sites/jamestaylor/2011/12/22/merry-christmas-america-now-give-us-your-money-love-epa/>

Energy Issues

Oil and Natural Gas – the Future or the Past?

Fracking firm calls EPA move a threat to whole industry

Agency released study before review

By Ben Wolfgang, The Washington Times, Dec 20, 2011

<http://www.washingtontimes.com/news/2011/dec/20/fracking-firm-calls-epa-move-a-threat-to-whole-ind/>

The EPA's Fracking Scare

Breaking down the facts in that Wyoming drinking water study.

Editorial, WSJ, Dec 20, 2011

http://online.wsj.com/article/SB10001424052970204026804577098112387490158.html?mod=ITP_opinion_2

Administration's Control of Oil and Gas

Obama's Delay On Keystone Carries A Large Cost

By Robert Bradley, IBD, Dec 22, 2011

<http://news.investors.com/Article.aspx?id=595680&p=1>

A Tale of Three Pipelines (Part I: Remembering Tide-Water Pipe Line)

By Alex Epstein, Master Resource, Dec 21, 2011

<http://www.masterresource.org/2011/12/three-pipelines-i-tide-water/>

Canada: If No Keystone XL, We'll Sell Our Oil To [Asia?]

Editorial, IBD, Dec 21, 2011

<http://news.investors.com/Article.aspx?id=595537&p=1>

Nebraska outlines route for Keystone XL

By Staff Writers, UPI, Dec 30, 2011

http://www.upi.com/Business_News/Energy-Resources/2011/12/30/Nebraska-outlines-route-for-Keystone-XL/UPI-38081325243646/?spt=hs&or=er

Defend Mideast Oil, But Refuse To Build Keystone?

Editorial, IBD, Dec 29, 2011

<http://news.investors.com/Article.aspx?id=596236&p=1>

Return of King Coal?

WSJ "End of Coal" article. C'mon Man!

By Frank Clemente, Energy Facts Weekly, Dec 27, 2011

<http://us1.campaign-archive1.com/?u=29bc7d5d85828d574f86c157a&id=654b0e7dec&e=>

[SEPP Comment: See article below.]

The Coal Age Nears Its End

By Rebecca Smith, WSJ, Dec 23, 2011

http://online.wsj.com/article/SB10001424052970204464404577114642286810250.html?mod=WSJ_Energy_leftHeadlines

[SEPP Comment: Not in China and India. Article may be behind a paywall.]

China building Asia's biggest thermal power plant

By Staff Writers, AFP, Dec 27, 2011

http://www.energy-daily.com/reports/China_building_Asias_biggest_thermal_power_plant_999.html

[SEPP Comment: Without western standards of pollution controls.]

Oil Spills & Consequences

Industry And Regulators Should Take System Safety Approach to Offshore Drilling

By Staff Writers, SPX, Dec 19, 2011

http://www.energy-daily.com/reports/Industry_And_Regulators_Should_Take_System_Safety_Approach_to_Offshore_Drilling_999.html

Spilled oil unexpectedly lethal to fish embryos in shallow, sunlit waters

By Staff Writers, SPX, Dec 29, 2011

http://www.terradaily.com/reports/Spilled_oil_unexpectedly_lethal_to_fish_embryos_in_shallow_sunlit_waters_999.html

[SEPP Comment: In the simple distillation process, bunker fuel is about one step up from asphalt, that is used for paving roads, and far more potentially toxic than simple crude oil. The real question is how quickly do species rebound from such events?]

Nuclear Energy and Fears

Irrational Exuberance

By Robert Peltier, Power News, Dec 1, 2011

http://www.powermag.com/issues/departments/speaking_of_power/Irrational-Exuberance_4176.html?hq_e=el&hq_m=2352931&hq_l=17&hq_v=5e660500d0

New Take on Impacts of Low Dose Radiation

By Lynn Yarris for Berkeley Lab, SPX, Dec 23, 2011

http://www.spacemart.com/reports/New_Take_on_Impacts_of_Low_Dose_Radiation_999.html

Experts discount claims of U.S. deaths from Japan radiation

By Linda Carroll, Vitals, Dec 21, 2011 [H/t ACSH]

http://vitals.msnbc.msn.com/_news/2011/12/21/9616921-experts-discount-claims-of-us-deaths-from-japan-radiation

Higher Costs And More Headaches Ahead For Nuclear Power In 2012

By Staff Writers, SPX, Dec 29, 2011

http://www.nuclearpowerdaily.com/reports/Higher_Costs_And_More_Headaches_Ahead_For_Nuclear_Power_In_2012_999.html

US approves new nuclear plant design

By Staff Writers, AFP, Dec 22, 2011

http://www.nuclearpowerdaily.com/reports/US_approves_new_nuclear_plant_design_999.html

Alternative, Green (“Clean”) Energy

Why the Hype Surrounding Renewable Energy Is Just That

By Larry Bell, Forbes, Dec 27, 2011

<http://www.forbes.com/sites/larrybell/2011/12/27/why-the-hype-surrounding-renewable-energy-is-just-that/>

Defining Green Jobs For The Colorblind

By Larry Bell, Forbes, Dec 20, 2011

<http://www.forbes.com/sites/larrybell/2011/12/20/defining-green-jobs-for-the-colorblind/>

Interior nears decision on project linking offshore wind power to grid

By Andrew Restuccia, The Hill, Dec 20, 2011

<http://thehill.com/blogs/e2-wire/e2-wire/200555-interior-nearing-decision-on-offshore-transmission-project>

[SEPP Comment: There is no burgeoning offshore wind sector.]

Beyond Petroleum’ Gives Up on Solar

By Paul Chesser, NLPC, Dec 28, 2011

<http://nlpc.org/stories/2011/12/22/beyond-petroleum%E2%80%99-gives-solar>

Google invests in California solar project

By Andrew Restuccia, The Hill, Dec 20, 2011

<http://thehill.com/blogs/e2-wire/e2-wire/200485-google-invests-in-california-solar-project>

DOE Report: Wind Turbine Makers to See Critical Rare Earth Metal Supply Disruptions

By Staff Writers, POWERnews, Dec 28, 2011

http://www.powermag.com/POWERnews/4279.html?hq_e=el&hq_m=2352931&hq_l=10&hq_v=5e660500d0

China seeks steady rare earths exports in 2012

By Staff Writers, AFP, Dec 27, 2011

http://www.spacemart.com/reports/China_seeks_steady_rare_earths_exports_in_2012_999.html

[SEPP Comment: Bad news for wind power and many high tech industries.]

Navy Biofuel Deal is 'Cost Prohibitive,' 'Another Solyndra,' Critics Say

By Fred Lucas, CNSnews, Dec 23, 2011 [H/t James Rust]

<http://cnsnews.com/news/article/navy-biofuel-deal-cost-prohibitive-another-solyndra-critics-say>

Review of Recent Scientific Articles by NIPCC

For a full list of articles see www.NIPCCreport.org

Ecological Effects of Atmospheric CO2 Enrichment

Reference: Barton, B.T. 2011. Local adaptation to temperature conserves top-down control in a grassland food web. *Proceedings of the Royal Society B* 278: 3102-3107.

<http://www.nipccreport.org/articles/2011/dec/20dec2011a2.html>

"...it is the responsibility of ecologists to design experiments that explicitly test how gradual climate change will affect future systems, or else risk making unrealistic and misleading conclusions."

Coral Species Richness a Full Decade After Two Bleaching Event

Reference: van Woesik, R., Sakai, K., Ganase, A. and Loya, Y. 2011. Revisiting the winners and the losers a decade after coral bleaching. *Marine Ecology Progress Series* 434: 67-76.

<http://www.nipccreport.org/articles/2011/dec/20dec2011a4.html>

Climate Change and Large-Scale Human Crises

Reference: Zhang, D.D., Lee, H.F., Wang, C., Li, B., Pei, Q., Zhang, J. and An, Y. 2011a. The causality analysis of climate change and large-scale human crisis. *Proceedings of the National Academy of Sciences USA*: 10.1073/pnas.1104268108.

<http://www.nipccreport.org/articles/2011/dec/21dec2011a3.html>

Heat- and Cold-Induced Deaths in Copenhagen, Denmark

Reference: Wichmann, J., Anderson, Z.J., Ketzler, M., Ellermann, T. and Loft, S. 2011. Apparent temperature and cause-specific mortality in Copenhagen, Denmark: A case-crossover analysis. *International Journal of Environmental Research and Public Health* 8: 3712-3727.

<http://www.nipccreport.org/articles/2011/dec/27dec2011a4.html>

Hope for the Best, Prepare for the Worst

Reference: Shah, F., Huang, J., Cui, K., Nie, L., Shah, T., Chen, C. and Wang, K. 2011. Impact of high-temperature stress on rice plant and its traits related to tolerance. *Journal of Agricultural Science* 149: 545-556.

<http://www.nipccreport.org/articles/2011/dec/28dec2011a1.html>

Health, Energy, and Climate

The Top Ten Unfounded Health Scares of 2011

By Staff Writers, ACSH, Dec 27, 2011

http://www.acsh.org/news/newsID.1969/news_detail.asp

[SEPP Comment: After the BP Oil Spill, the Natural Resources Defense Council (NRDC) created a false scare that Gulf Coast seafood had dangerous levels of toxins, significantly harming the seafood industry. Frances Beinecke, president of NRDC, was appointed the special Federal commission examining the BP Oil Spill. Also, NRDC was created in the big Alar scare about apples and apple juice.]

The Two Koreas, 1950–2008: An Unplanned Experiment in Economic Systems, the Carbon Footprint and Human Well-Being

By Indur Goklany, WUWT, Dec 21, 2011

<http://wattsupwiththat.com/2011/12/21/the-two-koreas-19502008-an-unplanned-experiment-in-economic-systems-the-carbon-footprint-and-human-well-being/>

Malaria: World Health Organization Says Deaths Have Dropped 25 Percent in Last Decade

By Donald McNeil, Jr, NYT, Dec 26, 2011

<http://www.nytimes.com/2011/12/27/health/who-reports-25-percent-drop-in-malaria-deaths-in-a-decade.html?ref=science&pagewanted=print>

[SEPP Comment: In spite of claimed global warming. The article does not mention the effectiveness of indoor spraying of DDT. Contrary to the implication in the article, it was the banning of DDT the brought about the rebound of malaria.]

Environmental Industry

Conflict bananas

By Peter Foster, Financial Post, Dec 28, 2011

<http://opinion.financialpost.com/2011/12/28/peter-foster-conflict-bananas/>

Turk Settlement Results in Coal Plant Closure, Millions in Conservancy Fees

By Staff Writers, POWERnews, Dec 28, 2011

http://www.powermag.com/POWERnews/4277.html?hq_e=el&hq_m=2352931&hq_l=8&hq_v=5e66050d0

[SEPP Comment: The environmental industry benefits, the consumer loses.]

Other Scientific News

First ever direct measurement of the Earth's rotation

By Staff Writers, SPX, Dec 28, 2011

http://www.spacedaily.com/reports/First_ever_direct_measurement_of_the_Earths_rotation_999.html

Other News that May Be of Interest

Spaceballs!

By Roy Spencer, His Blog, Dec 23, 2011

<http://www.drroyspencer.com/2011/12/spaceballs/>

China issues white paper on space exploration

By Staff Writers, Beijing (XNA) Dec 30, 2011

http://www.spacedaily.com/reports/China_issues_white_paper_on_space_exploration_999.html

NASA Reaffirms Agency Scientific Integrity Policy

By Staff Writers, SPX, Dec 19, 2011

http://www.space-travel.com/reports/NASA_Reaffirms_Agency_Scientific_Integrity_Policy_999.html

[SEPP Comment: No comment about NASA-GISS.]

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BELOW THE BOTTOM LINE:

Life In An Age Of Unnatural Disasters

By Staff Writers, SPX, Dec 30, 2011

http://www.terradaily.com/reports/Life_In_An_Age_Of_Unnatural_Disasters_999.html

[SEPP Comment: Were the disasters caused by the super moon?]

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ARTICLES:

1. Lisa Jackson's Power Play

Harming the economy, degrading the U.S. grid: another day at the EPA.

Editorial, WSJ, Dec 22, 2011

http://online.wsj.com/article/SB10001424052970204464404577112520759735602.html#mod=djemEditorialPage_t

At an unusual gala ceremony on the release of a major new Environmental Protection Agency rule yesterday, chief Lisa Jackson called it "historic" and "a great victory." And she's right: The rule may be the most expensive the agency has ever issued, and it represents the triumph of the Obama Administration's green agenda over economic growth and job creation. Congratulations.

The so-called utility rule requires power plants to install "maximum achievable control technology" to reduce mercury emissions and other trace gases. But the true goal of the rule's 1,117 pages is to harm coal-fired power plants and force large parts of the fleet—the U.S. power system workhorse—to shut down in the name of climate change. The EPA figures the rule will cost \$9.6 billion, which is a gross, deliberate underestimate.

In return Ms. Jackson says the public will get billions of dollars of health benefits like less asthma if not a cure for cancer. Those credulous enough to believe her should understand that the total benefits of mercury reduction amount to all of \$6 million. That's total present value, not benefits per year—oh, and that's an -illion with an "m," which is not normally how things work out in President Obama's Washington.

The rest of the purported benefits—to be precise, 99.99%—come by double-counting pollution reductions like soot that the EPA regulates through separate programs and therefore most *will happen anyway*. Using such "co-benefits" is an abuse of the cost-benefit process and shows that Cass Sunstein's team at the White House regulatory office—many of whom opposed the rule—got steamrolled.

As baseload coal power is retired or idled, the reliability of the electrical grid will be compromised, as every neutral analyst expects. Some utilities like Calpine Corp. and PSEG have claimed in these pages that the reliability concerns are overblown, but the Alfred E. Newman crowd has a vested interest in profiting from the higher wholesale electricity clearing prices that the EPA wants to cause.

Meanwhile, the Federal Energy Regulatory Commission, which is charged with protecting reliability, abnegated its statutory responsibilities as the rule was being written.

One FERC economist wrote in a March email that "I don't think there is any value in continuing to engage EPA on the issues. EPA has indicated that these are their assumptions and have made it clear that are not changed [sic] anything on reliability . . . [EPA] does not directly answer anything associated with local reliability." The EPA repeatedly told Congress that it had "very frequent substantive contact and consultation with FERC."

The EPA also took the extraordinary step of issuing a pre-emptive "enforcement memorandum," which is typically issued only after the EPA determines its rules are being broken. The memo tells utilities that they must admit to violating clean air laws if they can't retrofit their plants within the EPA's timeframe at

any cost or if shutting down a plant will lead to regional blackouts. Such legal admissions force companies into a de facto EPA receivership and expose them to lawsuits and other liabilities.

The economic harm here is vast, and the utility rule saga—from the EPA's reckless endangerment to the White House's failure to temper Ms. Jackson—has been a disgrace.

2. Ethanol in Winter

Wonder of wonders, the tax subsidy and tariff expire.

Editorial, WSJ, Dec 30, 2011

http://online.wsj.com/article/SB10001424052970204720204577126920356709682.html?grcc=563872a7991722db6d177b05a673fb24Z3&mod=WSJ_hps_sections_opinion

[SEPP Comment: However the mandate continues.]

Congress created ethanol subsidies in 1978, expanded them in a 1980 bill, and then rinsed and repeated in 1982, 1984, 1988, 1990, 1992, 1998, 2004, 2005 and 2007. But now, wonderful to relate, this 30-year adventure in corporate welfare may finally be going into reverse.

Congress adjourned this month without extending the \$6 billion annual tax subsidy for blending corn ethanol into gasoline and the steep import tariffs on the industry's foreign competitors. Both turn into a pumpkin at the stroke of the New Year.

The Senate voted overwhelmingly against continuing the 45-cent-a-gallon ethanol credit in July, and an extension was not slipped into the final budget deal. Deliberate neglect is not the Viking funeral the ethanol lobby deserves, but given its many political clients this is a minor policy watershed all the same.

The left-right coalition against corn ethanol has been growing for some time, and the latest outfit to lend its voice to what is now a not-so-lost cause is none other than the National Academy of Sciences. In an October report, academy researchers concluded that grain ethanol "could not compete with fossil fuels in the U.S. marketplace without mandates, subsidies, tax exemptions, and tariffs . . . This lack of competitiveness raises questions about the use of government resources to support biofuels."

The liberal revelation has been the growing evidence that biofuels increase net carbon emissions. Pumping energy-intensive row crops into gas tanks leads to land-use changes in world agricultural markets that increase greenhouse gases.

The irony is that a fuel that was sold as a global-warming palliative—the industry will use any argument to justify its government lucre—is now being hoist on its own corn stalk. Green carbon fuel standards regulations from the Environmental Protection Agency and in California credit sugar ethanol produced in Brazil with better climate benefits than corn ethanol.

So South American makers have been shipping their product to the West Coast, paying the tariff and selling it at a premium. U.S. makers then send their product south to backfill the Brazilian market. So much for "energy independence," another example of false ethanol political marketing.

Ending ethanol protectionism will at least help lower U.S. costs, but the tragedy is that no one would ever buy it at the pump without Congress's mandate, which, alas, will continue. The National Academy's summary is apt: "Without biofuel tax credits . . . the cost of biofuel programs is borne directly by consumers, as they are forced to pay a higher cost for the blended renewable fuel than for petroleum-based products. Otherwise, consumers bear the cost of biofuel programs indirectly through taxes paid."

The fight for economic rationality goes on.

3. Dark Times Fall on Solar Sector

By Yuliya Chernova, WSJ, Dec 27, 2011 [H/t Deke Forbes]

http://online.wsj.com/article_email/SB10001424052970204552304577117140511996840-1MyQjAxMTAxMDIwODEyNDgyWj.html?mod=wsj_share_email

Long viewed as a remedy for the world's dependence on fossil fuels, the solar industry is dimming as makers of panels used to harness the sun continue to fall by the wayside.

Bankruptcies, plummeting stock prices and crushing debt loads are calling into question the viability of an industry that since the 1970s has been counted on to advance the U.S.—and the world—into a new energy age.

Global demand for solar power is still growing—about 8% more solar panels will be installed this year compared with 2010, according to Jefferies Group analysis—but it is expected to flat-line next year.

At the heart of the industry woes are swiftly falling prices for solar panels and their components—polysilicon, wafers, cells and the modules themselves. The reason is simple: There are simply too many manufacturers trying to sell their wares.

Over the past several months, at least seven solar-panel manufacturers have filed for bankruptcy or insolvency, including two German companies in the past week—[Solar Millennium](#) AG and [Solon SE](#)—and, most notably, Solyndra LLC, the Fremont, Calif., company embroiled in a criminal investigation into whether the company defrauded the U.S. government.

Of the 10 largest publicly traded companies by market capitalization whose focus is making solar components, six reported losses in the third quarter, and all but one of these 10 saw their bottom line weaken from a year earlier. Underscoring how debt is weighing down the industry, six of the 10 also had debt on their balance sheets that exceeded their market capitalizations.

Many more manufacturers are in a precarious financial situation, such as [Energy Conversion Devices](#) Inc., whose stock has nose-dived by 95% this year as the Auburn Hills, Mich., company has suspended factory operations, deferred interest payments and restructured its staff. Energy Conversion couldn't be reached for comment.

Overall, public-market investors are punishing the solar sector, sending shares down nearly 57% this year as of Dec. 19, according to investment bank Stifel Nicolaus, compared with a decline of 3% for the S&P 500.

Even [First Solar](#) Inc., the darling of the industry, is restructuring amid weaker results and project delays. In a Dec. 14 call with analysts that Jeff Osborne, an analyst with Stifel Nicolaus, said "seemed like the funeral for the whole sector," Mike Ahearn, FirstSolar's chairman and interim CEO, said the industry will suffer pricing pressures indefinitely.

This means the shakeout among manufacturers will likely continue for some time. "The industry simply cannot support 300-plus cell and modular manufacturers, so the companies left will capitulate and exit the industry," said Zhengrong Shi, chief executive of Chinese solar-panel manufacturer [Suntech Power Holdings](#) Co., during a late-November call with investors. Suntech is cutting its operating expenses by at least 20% next year as it hopes to stem this year's 70% stock-price slide.

The glut of manufacturers stems from various sources over the last several years, including efforts by the U.S. government to encourage clean technology, venture capitalists pouring into the sector and institutional investors buying into IPO issues of solar companies amid an oil-price boom and a heightened sense of climate-change urgency. At the same time, European governments offered rich subsidies for solar installation, driving demand in the market.

"People were doing what they can to make a profit, without thinking ahead," said Pallavi Madakasira, an analyst with research firm Lux Research Inc.

But the biggest factor was the decision by the Chinese government to direct its banks to lend freely to new manufacturers a few years ago. Since 2009, Chinese banks have offered at least \$43 billion in credit facilities to Chinese renewable-energy companies, according to Bloomberg New Energy Finance. It isn't clear how much of that money has been drawn down, but the easy access to capital during the height of the global credit crunch allowed Chinese companies to build factories and start production, forcing competitors in Europe and the U.S. to do the same.

The plentiful production of solar panels resulted in a cutthroat pricing competition. A year ago, customers—mostly distributors of panels and project developers—could buy solar panels for \$1.60 per watt, on average. Now the going price is between 90 cents to \$1.05 per watt, according to investment bank Jefferies.

Meanwhile, U.S. trade authorities are investigating domestic manufacturers' complaints over possible dumping of solar panels on the U.S. market by Chinese makers.

Despite the buyers' market, customers aren't opening their wallets fast enough. In Europe, which buys more solar panels than any other region, banks clamped up on funding and customers wound up with warehouses full of solar panels, causing them to defer additional orders. Many are also wary about committing to new solar contracts while prices keep falling.

Germany, for years the world's largest market for solar, is seeing a 29% decline in demand this year over 2010, according to Jefferies. That is quite a contrast to 2010, when installations in Germany nearly doubled.

Meanwhile, in the U.S. demand has actually risen because utilities have been buying solar power to fill state mandates, while large plant projects continue to attract investment from companies such as [Google Inc.](#), [NRG Energy Inc.](#) and MidAmerican Energy Co. That growth may not be sustainable, however, because the mandates for renewable energy are quickly being fulfilled.

And if solar is getting cheaper, so too is competing natural-gas power.

Faced with demand challenges, many manufacturers are beginning to moderate how much they produce. That means factories, already built and put in place, are underutilized, which raises the cost per each panel produced.

There is still light on the industry's horizon. Electricity demand globally is set to rise over the next few years, as developing nations gobble up power and suffer from power-plant pollution—a problem that solar can help alleviate. And as technology advances and costs drop, solar-panel makers can supply power without a need for heavy government subsidies.

But those new markets will take time to emerge. In the meantime, companies will continue to struggle to survive the crunch.

4. New Forms of Biofuel Fall Short

By Ryan Tracy, WSJ, Dec 28, 2011

http://online.wsj.com/article_email/SB10001424052970204296804577125082495631226-1MyQjAxMTAxMDIwODEyNDgyWj.html?mod=wsj_share_email

Hopes for a surge in production of alternative biofuels are falling flat, and the U.S. expects to continue to rely on corn- and sugarcane-based ethanol to meet a national mandate for renewable fuels in 2012.

The Environmental Protection Agency said Tuesday that a tiny fraction—less than one-tenth of 1%—of renewable fuels required to be used in the U.S. next year will come from cellulosic biofuel, based on projected production volumes, despite a congressional target that the fuel made from plant stalks and other inedible materials account for more than 3% of the total.

The agency sets volume requirements for renewable fuels every year to implement a 2007 law that requires refiners to use increasing amounts of renewable fuels in gasoline.

Cellulosic fuel, which can be made from plant waste such as corncobs, is still far from being able to meet volume mandates laid out by Congress, the EPA said Tuesday, confirming a draft analysis it had published earlier this year. Instead, the agency will require refiners to use other types of advanced biofuels, including sugarcane ethanol, to meet the national standard.

The EPA said it would set the required volume of cellulosic fuel at 8.65 million gallons for 2012. Congress had set a goal of using 500 million gallons next year, on the way to 16 billion gallons in 2022. The EPA has the option to cut the cellulosic-fuel target based on industry capacity to produce the more advanced fuels.

Although the EPA set the requirement well below Congress's goal, its decision still irked refiners. Companies will have to buy credits from the EPA if they can't find enough cellulosic ethanol to purchase—even though the fuel may not be available. "The [EPA's] cellulosic number is still conjecture-based fantasy," said Stephen Brown, vice president for government affairs for refiner [Tesoro](#) Corp.

The credits cost about \$1.20 per gallon, according to Charles Drevna, president of the National Petrochemical and Refiners Association. "Once again, refiners are being ordered to use a substance that is not being produced in commercial quantities—cellulosic ethanol—and are being required to pay millions of dollars for failing to use this nonexistent substance. This makes no sense," he said.

Brooke Coleman, executive director of the Advanced Ethanol Council, which represents advanced-biofuel companies, said Congress built flexibility into the mandate because "there was always a chance" the industry wouldn't meet the schedule.

"It shouldn't surprise anyone with the state of the economy, the state of the financial world, the state of the banks...that there are delays in implementation of new technologies," Mr. Coleman said. He argued that financing for more cellulosic-biofuel capacity would come as long as the renewable-fuels standard remains in place.

Overall, the 2007 law says the U.S. must use 36 billion gallons of renewable fuels per year by 2022, including 16 billion gallons of cellulosic biofuel. According to a National Academy of Sciences report published this year, the latter target won't be met "unless innovative technologies are developed that unexpectedly improve the cellulosic biofuels production process." Refiners are pushing for Congress to make changes to the mandate.

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