Energy - Docket Optical System

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California Energy Commission
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It appears that the present IEP (Report) a.k.a. "IEPR's" scope of work is attempting (once more) to either ignore, or at a minimum, severely downplay, the existence of relevant sections of California's statutes to the point that both the spirit, and the letter, of the law are violated. Please note that:

Senate Bill 1389 (SB 1389, Bowen and Sher, Chapter 568, Statutes of 2002) requires the California Energy Commission to:
"[C]onduct assessments and forecasts of all aspects of energy industry ***supply***, production, transportation, delivery and distribution, demand, and prices. The Energy Commission shall use these assessments and forecasts **to develop energy policies that conserve resources, protect the environment, ensure energy reliability, enhance the state's economy, and protect public health and safety**." (Pub. Res. Code § 25301(a))

And:

Warren-Alquist Act, **page 1**, Section 25000.5 states:

> **"The legislature finds and declares that overdependence on the production, marketing, and consumption of petroleum based fuels as an energy resource in the transportation sector is a threat to the energy security of the state due to continuing market and supply uncertainties."**

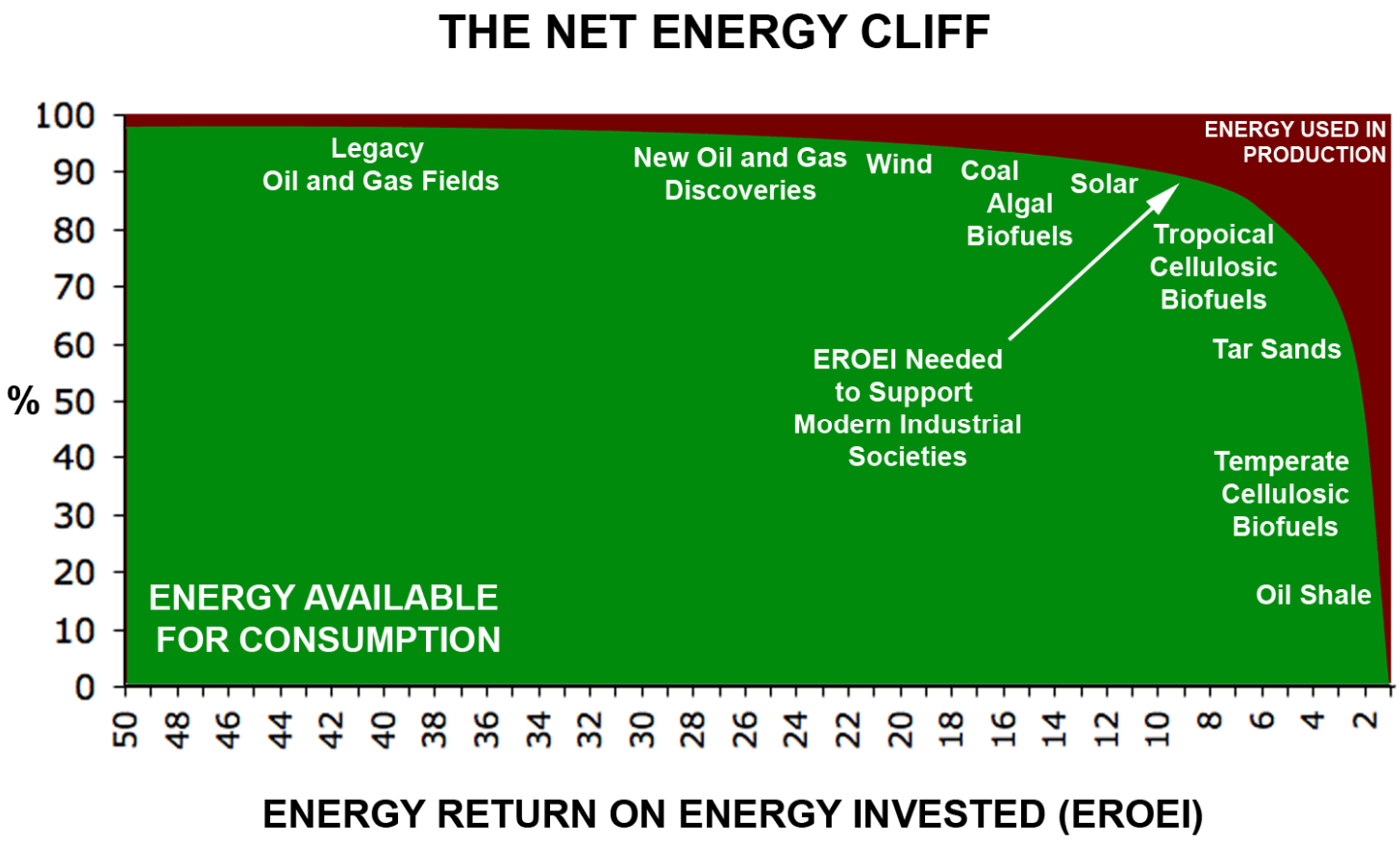
In the past, the contents of CEC's IEP (Report) havw been closely alligned with the opinions of oil industry insiders, and has just as strenuously avoided the inclusion of military intelligence experts, congressional staff energy experts, as well as retired oil executives on oil depletion. That over half of traditional liquid oil has already been extracted, yet demand remains CEC's focus- as if oil demand could call forth that which is already gone, or gone at a price that society can afford to pay.

In honor of my mentor the late, great J. Randy Udall I offer his view of what's left of the global oil "six pack."

The Energy Returned on Energy Invested is also missing from the IEP (Report).

$$EROEI = \frac{\text{Usable Acquired Energy}}{\text{Energy Expended}}$$

In the Halcyon days of the first Texas Wildcatters oil wells produced over 95 times more energy than it took to access these tremendously rich oil resource. So rich that the price of oil dropped to pennies a barrel. Now, with oil sands the EROEI ratio is closer to 5 units of energy out for every unit of energy in. The chart below illustrates the challenges. You'll recognize this as an "upside down" exponential growth curve. That is to say for each unit of time our industrial society has to use *accelerating amounts of energy/money which leaves less energy and money for everything else*. This should explain to most why our economic "recovery" has been glacially slow, and in other parts of the world, even more dependent on foreign oil, may actually be reverting to another economic slump. Locate Tar Sands to see where we are now. This chart may very well be the most important thing you read this entire decade.



What about Fracking? A former CIA Analyst, Mr. Tom Whipple, reports that: "There has been an unusual amount of discussion in the financial and oil industry press lately about the difficulties facing companies drilling for shale oil and gas. A survey of 61 companies drilling in shale shows that debt has doubled in the last four years while revenues have climbed 5.6 percent. Bloomberg says the list of shale oil drilling companies that are financially stressed is “considerable,” with interest expenses eating up revenues at an increasing pace. Even *Rigzone*, a perennial industry cheerleader, is starting to give both sides of the shale story. After quoting a couple oil industry leaders who see many years or even decades of increasing shale oil and gas production ahead, they also note those who say the industry is facing serious challenges in maintaining oil and gas production. Among the “challenges” are the need to increase drilling at a time when sources of capital are drying up; the need to find new oil plays other than the Bakken and Eagle Ford; the need to reduce costs of production; the availability of water; and increasing federal regulation of everything from emissions, to ground water, to railroads. It seems that a few in the financial press are starting to see the writing

on the wall and are at least hinting of troubles ahead." All while estimates for California's Monterrey shale have been downgraded by 96%.