

Peak oil alarm revealed by secret official talks

Behind government dismissals of 'alarmist' fears there is growing concern over critical future energy supplies

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Forecasts that crude oil production will reach 150m barrels a day by 2030 have been described as 'unrealistic'.
Photograph: Tatan Syuflana/AP

Speculation that government ministers are far more concerned about a future supply crunch than they have admitted has been fuelled by the revelation that they are canvassing views from industry and the scientific community about "peak oil".

The Department of Energy and Climate Change (DECC) is also refusing to hand over policy documents about "peak oil" – the point at which oil production reaches its maximum and then declines – under the Freedom of Information (FoI) Act, despite releasing others in which it admits "secrecy around the topic is probably not good".

Experts say they have received a letter from David Mackay, chief scientific adviser to the DECC, asking for information and advice on peak oil amid a growing campaign from industrialists such as Sir Richard Branson for the government to put contingency plans in place to deal with any future crisis.

A spokeswoman for the department insisted the request from Mackay was "routine" and said there was no change of policy other than to keep the issue under review. The peak oil argument was effectively dismissed as alarmist by former energy minister Malcolm Wicks in a report to government last summer, while oil companies such as BP, which have major influence in Whitehall, take a similar line.

But documents obtained under the FoI Act seen by the *Observer* show that a "peak oil workshop" brought together staff from the DECC, the Bank of England and Ministry of Defence among others to discuss the issue.

A ministry note of that summit warned that "[Government] public lines on peak oil are 'not quite right'. They need to take account of climate change and put more emphasis on reducing demand and also the fact that peak oil may increase volatility in the market."

Those comments were written 12 months ago, but a letter in response to the FoI request written by DECC officials and dated 31 July 2010 says it can only release some information on what is currently under policy discussion because they are "ongoing" and "high profile" in nature.

The letter adds: "We recognise the public interest arguments in favour of disclosing this

information. In particular we recognise that greater transparency makes government more open and accountable and could help provide an insight into peak oil.

"However any public interest in the disclosure of such information must be balanced with the need to ensure that ministers and advisers can discuss policy in a manner which allows for frank exchanges of views and opinions about important and sensitive issues."

Yet the note of the workshop distributed last year talks about secrecy around the topic being "probably not good", although it also suggests officials stick to the line that the "International Energy Agency is an authoritative source in this field" and stresses how the IEA believes there is sufficient reserves to meet demand till 2030 as long as investment in new reserves is maintained.

But the Paris-based organisation has come under increasing scrutiny from a growing group of critics who believe the IEA's optimism is misplaced. Last year the *Guardian* revealed that the IEA was also riven with dissent over the issue with senior staff members privately telling newspaper they thought the official numbers on future global oil supply were over-optimistic.

The IEA predicted in the 2009 World Energy Outlook published last November that oil demand would grow from 85m barrels a day today to 88m in 2015 and reach 105m in 2030. The organisation presumes the challenge of meeting that demand can equally be met by a mixture of higher Opec production and considerably more output from unconventional sources.

But an internal IEA source said: "Many inside the organisation believe that maintaining oil supplies at even 90m to 95m barrels a day would be impossible, but there are fears that panic could spread on the financial markets if the figures were brought down further. And the Americans fear the end of oil supremacy because it would threaten their power over access to oil resources."

The IEA has denied the claims of internal dissent and sticks by its figures. But Kjell Aleklett, a professor of physics at Uppsala University in Sweden and author of a report *The Peak of the Oil Age*, claims crude production is more likely to be 75m barrels a day by 2030 than the "unrealistic" 105m projected by the IEA.