

»Fuel oil will become unaffordable«

If someone has oil heating installed today, they will soon not have enough money for the fuel. We spoke to Thomas Seltmann from the Energy Watch Group.

Haus + Energie: Mr. Seltmann, when will there be no more oil?

Thomas Seltmann: That will still take a long time. There is still a lot of oil available in the ground. One can say: When production reaches its climax, the so-called Oil-Peak, then about half of the available oil will have been produced. More important, however, is when the demand exceeds the quantities, which can be produced. That is crucial for the price development. There is still enough oil for a few decades – however not for everybody.

In a study in which you examine among other things the topics of oil demand and availability, you come to the result that the oil production exceeded its climax in 2006 and cannot be increased. According to the figures of the International Energy Agency world-wide oil consumption will be 37 percent higher in 2030 than in 2006. How does that add up?

I don't know how that adds up. The International Energy Agency does not say where this oil should come from. To put it simply the forecasts of the IEA on demand are based on

economic data. Our scientists, on the other hand, examine the availability, thus the possibility, to produce oil based on geological and technological data. That is a fundamentally different approach which previously made forecasts in the past possible and which ultimately also proved to be true.

It is however not so crucial whether the production climax was in the year 2006 or will be in the year 2008. A few years earlier or later do not change the fact that the production of oil will drastically reduce after the climax has been exceeded.

What does that mean for house owners, who would perhaps prefer to invest in low-priced oil heating when redeveloping their heating system?

If I were to install oil heating at home now I would be able to operate it for some 10 to 20 years. If that what our scientists say is only approximately correct, it is however not at all guaranteed that one can then get fuel oil at the amount of today. And above all not at today's price. Within just a few years it has already quadrupled.

By how much will the price of oil increase per year?

We have no forecasts for that. But at the time when more oil is demanded than is available, the person who can pay the highest price for it will get it. And the person who absolutely needs the oil will pay the highest price. One does not necessarily have to have oil to heat a house. But one needs oil at all costs to produce plastics and to supply the chemical industry. My personal estimation: The use of oil as a heat generator is probably the use, which will be the first to be unaffordable and which may even be limited through political measures. The supply of fuel is far more important for the functioning of the economy than for the heating of houses.

In perspective some people think that decreasing oil prices are possible. The Institute for Economic Research says that the price of oil will be 50 dollars per barrel again in four years' time.

I find such statements unreal. There are only two possibilities that would make the price of oil decrease: Either the demand for oil will decrease because we can manage to bring alternatives into the market nationwide very quickly. Or: Our scientists have made a mistake and the availability of oil is dramatically so much higher that the production would actually increase by 50 percent within 10 or 20 years. But I cannot see that and I cannot see anyone who can seriously confirm this with figures.

What would you advise owners of oil heating?

It is difficult to give advice. The big problem is not the running out of oil reserves but the wide difference between demand and availability. My personal advice: Above all I would invest in heat insulation in order to reduce the demand for heat. I do not have to buy energy which I do not need. And the second measure would then be to become independent of fossil resources. It is better to do this as long as the price of energy is still low. That is something which many underestimate. Some people say I will buy a solar plant or a pellet heating system when the price of oil is so high that I have no other alternative. They forget that they will then already be paying these high prices for energy and may not have enough money to invest in alternative methods.

Is gas a sensible alternative?

With gas the situation does not look much better than with oil. Gas even has the disadvantage that one is far more dependent as the distribution is pipeline-bound. Besides, the availability of gas will not increase. Especially then when oil gets more scarce one will use gas more intensely there where it is possible, for example in the transport area.

That gas is pipeline-bound could be seen as an advantage as biogas can quite easily be used in an existing system.

This advantage can only be grasped when there is enough biogas available to be supplied with. Then there is the question: Will that be possible in time? Since I have been concerned with such topics they say that we have to press ahead with this technology so that it is available in time. And we have said that and repeated that and heard that for 15 or 20 years and since then little has happened, especially in the area of heating. In the year 2007 we discussed a heating law which we should actually have discussed 10 years ago. We have let too much time go by unused.

Do you have an explanation for this?

That certainly has to do with the fact that from many sides we are still being reassured. The OPEC is annoyed that industrial countries are investing in renewable energies. I believe that the true supply situation is simply not well-known enough. If you observe the media, then you hardly read anything about the fact that there can be anything like peak oil or that the supply with fuel oil is not as secure as most people suppose. If anything you always read the opposite. How should it occur to the average citizen that he may not be able to get oil at a price which he can afford in ten years' time for the oil heating which he has installed now? And this lack of information is due to a false estimation of the situation.

Thomas Seltmann, 35, is the project manager of the Energy Watch Group in Berlin. The EWG was founded through the initiative of the Member of Parliament, Hans-Josef Fell and further parliamentarians from various countries. The supporting organization is the Ludwig-Bölkow Foundation. In this project, scientists independent of government and business interests work on studies among others about the scarcity of fossil and atomic energy resources as well as the development scenarios for renewable energies. The EWG has just published a 100-page crude oil report with the title "Crude Oil. The Supply Outlook". Further information, the report as well as a summary can be found in Internet under www.energywatchgroup.org.

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