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Issue 37, 2020

● [More Federal Permits Handed Down as MVP Presses FERC for Construction Restart](#)

"The Mountain Valley Pipeline LLC told FERC that it has received a series of key federal waterbody crossing permits, bolstering its case to restart construction on the 300-mile, 2 million Dth/d natural gas conduit."

Why this is important: The Mountain Valley Pipeline developers informed FERC late last week that the Huntington, West Virginia, Pittsburgh, Pennsylvania, and Norfolk, Virginia districts of the U.S. Army Corps of Engineers had completed Nationwide Permit ("NWP") 12 reviews in making its case to restart construction on the 300-mile, 2 million Dth/d line. As with other mandatory federal approvals, immediate past NWP 12 permitting was reviewed by the U.S. Court of Appeals for the Fourth Circuit -- resulting in the vacation of an important project permit in 2018. The updated NWP 12 approvals should certainly bring MVP closer to restarting line construction, but project antagonists likely will attempt to prompt further delays in the hope of eventually thwarting the development. --- [Michael J. Basile](#)

● [The Unintended Consequences of Fossil Fuel Divestment](#)

"In recent weeks, a group of 12 major cities in the EU, USA, and Africa, all pledged to divest from coal, oil, and gas."

Why this is important: Divesting from the stocks of publicly traded fossil fuel companies like BP or Exxon has become fashionable among many investors, but the result may put more power in the hands of national oil companies that don't have to worry about shareholder activism. Fossil fuel use is expected to increase over the next decade or two, even if its share of energy production drops as a consequence of additional renewables being brought on line. Driving down the value of independent oil companies, and leaving them less able to raise capital to supply that oil, will hand market share to national oil companies, like Russia's Gazprom. That could have important geopolitical ramifications. --- [David L. Yaussy](#)

● [China Takes Up Mantle of Climate Leadership, Corporates Follow Suit](#)

"In a shock move that didn't get the attention it deserved because of the noise from the US political scene, China, the world's largest emitter and the dominant user of coal to generate electricity, committed at the UN General Assembly to ensure that its emissions will peak by 2030 and that it would become

carbon-neutral by 2060."

Why this is important: China's climate change policy suffers from cognitive dissonance. It claims to want to be a global leader on climate change, which is important given that China is responsible for 28 percent of global emissions. However, China currently has 1,000 gigawatts of coal-fired capacity, has another 121 gigawatts currently under construction, and has approved construction of more than 300 coal plants in other countries. Since these plants have a proposed minimum life of 40-50 years, it is impossible for China to utilize these plants and still meet its goal of being carbon neutral by 2060. Either China has no intention of meeting its newly stated goal, or it plans to build and mothball over 300 coal plants. --- [Nicholas S. Preservati](#)

● [Coal's Share of U.S. Electricity Generation Through July 2020 Down to 17.9%](#)

"According to the U.S. Energy Information Administration's latest 'Electric Power Monthly', utility-scale generation net of hydroelectric pumped storage increased to 413.3 million MWh from 412.2 million MWh in July 2019."

Why this is important: Electricity demand was up .2 percent in July, but coal-fired electrical generation in July 2020 fell to 17.9 percent of the U.S. electrical supply. That was an 11.2 percent decline over 2019. Gas-fired generation in July was up 6.3 percent, while nuclear declined 3.9 percent. Filling these gaps are renewables, which are up 7.5 percent. Solar was the biggest part of the 7.5 percent increase at 25.9 percent, followed by hydro up 9.4 percent and wind up 3.1 percent. These developments have left 138.4 million tons of coal in utility stockpiles -- a 125-day supply at bituminous coal-fired plants and 105-day supply at sub-bituminous coal plants. These developments continue to depress U.S. steam coal markets. --- [Mark E. Heath](#)

● [Natural Gas Prices May Continue to Correct Till November](#)

"Money managers are increasing their bets on the natural gas in the recent weeks from net non-commercial shorts of around 97,485 contracts as on March 31, 2020, (time of the pandemic) to around 51,352 net longs as on September 15, 2020."

Why this is important: Natural gas prices fell just under 30 percent in September, and it appears that the commodity has more room to fall before winter -- due to anemic global demand furthered by the COVID pandemic. As has been the case in recent years, hurricane season and more general climatic disturbances again appear the only likely price protagonists into 1Q and 2Q 2021. --- [Michael J. Basile](#)

● [Trump's Offshore Energy Ban Includes East Coast Wind Farms](#)

"President Donald Trump's decision to rule out energy development along the coasts of Florida, Georgia and the Carolinas will bar not just offshore oil and gas drilling -- but coastal wind farms too."

Why this is important: East Coast politicians of both parties have opposed oil drilling in the Atlantic and President Trump has accommodated them by barring leasing to all energy-related investments, including wind farms. The ban on leasing may be as difficult to reverse as President Obama's restriction of oil and gas leasing off the north coast of Alaska. --- [David L. Yaussy](#)

● [EU Sees Red Over China's Polluting Coal Plants in Southeast Europe](#)

"The Chinese government has sought a leadership role in the UN's agencies' efforts to address climate emergency challenges, but it has not yet demonstrated the requisite respect for underlying principles and norms that underpin the work of the UN."

Why this is important: The issue of China's offloading of coal-fired power plants is not limited to southern Europe. While China is funding four new coal-fired power plants in southern Europe, it is building, or planning to build, more than 300 new coal plants in Turkey, Vietnam, Indonesia and the Philippines. This article does raise an important issue regarding China's bi-polar approach to climate change, but in doing so it significantly understates the scope of the problem. --- [Nicholas S. Preservati](#)

● [Air France Leads Tax Pushback in Climate vs Recovery Fight](#)

"Air France-KLM is battling new green taxes on top of the coronavirus crisis - in a test of growing policy tensions between righting Europe's crippled airlines and delivering on climate goals."

Why this is important: Air France, not unlike other European air carriers, faces not only a significant drop in travelling passengers resulting from the coronavirus pandemic but also stringent European Union rules requiring airlines to pay significant carbon emission taxes. In France, one of the proposals being considered would increase short-haul fares by \$15 and long-haul fares by \$450, a significant increase from the current levels of \$20. Other EU countries are considering similar proposals. European airlines are looking for relief from the new taxes. They claim that the timing and severity of the taxes will lead to significant layoffs. Air France contends that the new taxes do not offer additional emission reductions and will deprive airlines of capital. Environmental groups are resisting the requested rollbacks. Significant increases in airfare could adversely affect airlines as they attempt to recover from huge pandemic-related losses. --- [Bryan S. Neft](#)

● [Vistra to Retire 6,800MW of Coal Generation Capacity in Illinois and Ohio by 2027](#)

"In the case of our Midwest coal fleet, the challenging economics do not support the incremental capital that would be necessary to comply with the environmental rules," Vistra Executive Vice President and CFO David Campbell said."

Why this is important: On September 29, Vistra announced it will retire 6,800 MW of coal-fired electric generation in Illinois and Ohio by 2027. Vistra subsidiary, Luminant Generation Co. LLC, will retire the 585-MW E.D. Edwards plant by 2022; the 1,185-MW Baldwin Energy Complex and 1,002-MW Joppa plant by 2025; and the 1,108-MW Kincaid, 1,020-MW Miami Fort, 615-MW Newton and 1,300-MW W.H. Zimmer plants by 2027. A small gas-fired unit at the Joppa plant will be retired as well. These changes will cut Vistra's CO2 emissions by 60 percent by 2030 and to zero percent by 2050. By 2030, coal will be only 10 percent of Vistra's portfolio. Vistra will add 900 MW of generation in Texas – six solar plants and one energy storage facility. U.S. utilities continue to shed coal-fired electric generation at alarming numbers. --- [Mark E. Heath](#)

● [Energy Question of the Week](#)

Last Week's Question and Results

Should the U.S. institute a carbon cap and trade system?

Yes, strongly support - 21.7%
Yes, moderately support - 13%
Neutral - 17.4%
No, moderately oppose - 17.4%

How important are energy issues in this year's Presidential election?

They are the most important issues

Select

No, strongly oppose - 21.7%
Do not know - 8.7%

Very important

Select

Moderately important

Select

Neutral

Select

Not very important

Select

Not important at all

Select

Do not know

Select

● **EIA Energy Statistics**

Here is a round-up of the latest statistics concerning the energy industry.

PETROLEUM

This Week in Petroleum

Weekly Petroleum Status Report

NATURAL GAS

Short-Term Energy Outlook - Natural Gas

Natural Gas Weekly Update

Natural Gas Futures Prices

COAL

Short-Term Energy Outlook - Coal

Coal Markets

Weekly Coal Production

RENEWABLES

Short-Term Energy Outlook

Monthly Biodiesel Production Report

Monthly Densified Biomass Fuel Report

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