



Issue 25, 2018

## ● [Judge Boots the Global Warming Cases of San Francisco and Oakland Against Oil Companies](#)

*"In a 16-page order, U.S. District Judge William Alsup granted the motions to dismiss from the five targeted companies - Chevron, Exxon, ConocoPhillips, Royal Dutch Shell and British Petroleum."*

**Why this is important:** The reasoning behind Judge Alsup's dismissal portends trouble for similar climate change lawsuits across the country. Judge Alsup specifically found the dangers of climate change are worldwide, the causes of climate change are worldwide, and the benefits of fossil fuels are worldwide. Accordingly, Judge Alsup concluded "the problem deserves a solution on a more vast scale than can be supplied by a district judge or jury in a public nuisance case" and the solution should be provided by other co-equal branches of the federal government. --- [Nicholas S. Preservati](#)

## ● [Mattis Says U.S. Needs to 'Up Its Game' in Arctic Amid Russian, Chinese Moves](#)

*"The United States needs to 'up its game' in the Arctic, which is an increasingly important region as global warming opens up new sea lanes and makes oil and mineral resources there more readily available, the U.S. defense secretary has said."*

**Why this is important:** In a developing scenario worthy of Ice Station Zebra, a geo-political chess match is developing inside the Arctic Circle. Holding by some estimates more oil and gas reserves than Saudi Arabia and Russia combined, Moscow has set its sights on energy development hegemony of the Arctic. Russian President Vladimir Putin already has initiated the re-opening of abandoned Soviet-era military, radar bases--and constructing new facilities--in an attempt to solidify control of approximately 500,000 square miles of prime Arctic "real estate." China's President Xi Jinping also has outlined his ambitions to project Sino control over shipping lanes that have opened by retreating ice sheets. China has also been assisting Greenland to develop its largely untapped resources and to have a stake in Greenland's large Arctic footprint. U.S. Secretary of Defense James Mattis told press in Alaska the U.S. needs to rise to the challenge in the Arctic, with more Coast Guard presence, icebreakers and other specialized vessels. Alaskan Senator Dan Sullivan, echoing Secretary Mattis, stated there is bipartisan support in Congress to view the Arctic in more strategic terms. --- [John C. \(Max\) Wilkinson](#)

## ● [China to Become World's Top Importer of Natural Gas in 2019, Report Says](#)

*"In its 'Gas 2018' report, the IEA said Chinese demand for natural gas will rise by almost 60 percent between 2017 and 2023 to 376 billion cubic metres (bcm), including a rise in its liquefied natural gas imports to 93 bcm by 2023 from 51 bcm last year."*

**Why this is important:** China is set to become the largest importer of LNG, according to the International Energy Agency, with increases in exports of almost 60 percent between 2017 and 2023. Meanwhile, the U.S. is set to dramatically increase its LNG exports, thanks to the shale revolution. It would appear the trade war that is developing between the U.S. and China might interfere with U.S.-to-China LNG shipments, but so far LNG is not on the list of products on which the Chinese are slapping tariffs.

China sees LNG as the key to reducing air pollution in its cities, as it moves from coal and diesel. --- [David L. Yaussy](#)

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## ● [American Electric Power: West Virginia Not Lowering Utility Rates](#)

*"At least 102 utilities in 48 states and the District of Columbia are lowering rates for customers, according to a report from Americans for Tax Reform, a politically conservative U.S. taxpayer advocacy group."*

**Why this is important:** This article details the fact that West Virginia is lagging behind other states in establishing a plan to reduce customers' utility rates as a result of the change in federal tax rates under the "TCJA." Whereas states such as Pennsylvania and Virginia have plans in place to pass on tax savings to customers through rate reductions effective on July 1 of this year, West Virginia's PSC still is considering the issue. In that regard, some utilities, such as American Electric Power's subsidiaries in West Virginia, have put forth proposals that would use tax savings to offset some increased costs, but actually are seeking net rate increases based on other requests made to the West Virginia Commission. The upshot is West Virginia is both lagging behind the national trend for a pass-through to ratepayers of tax savings and some West Virginia utilities appear to be positioning to use tax savings to address other costs or for other purposes. --- [Derrick Price Williamson](#)

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## ● [Big Investments Needed in U.S. Energy Infrastructure](#)

*"Robin Rorick, the director of midstream and industry operations at the trade group, testified before the House Subcommittee on Railroads, Pipelines and Hazardous Materials. The pace at which oil and gas production is accelerating, he said, has implications beyond U.S. borders and it's the transit capacity, from pipelines to railcars, that facilitate forward momentum."*

**Why this is important:** The American Society of Civil Engineers has given the U.S. Energy Infrastructure a grade of D+. This is partly because much of the U.S. energy system predates the turn of the 21st Century. Most electric transmission and distribution lines were constructed in the 1950s and 1960s and are operating at full capacity. There is also a lack of infrastructure to support the increased oil and natural gas production. Without significant investment in the country's energy infrastructure, Americans will experience longer and more frequent power interruptions. --- [Nicholas S. Preservati](#)

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## ● [Appalachian Basin Driving Record Natural Gas Plant Liquids Production](#)

*"U.S. natural gas plant liquids (NGPL) production has nearly doubled since 2010, outpacing the rate of natural gas production growth and setting an annual record of 3.7 million barrels per day (b/d) in 2017."*

**Why this is important:** The output of NGLs in the U.S. has skyrocketed during the past few years. Production of NGLs from the Appalachian Basin is leading this surge in output. So this raises the question of how this increased production will be efficiently used? Currently, NGLs produced in Appalachia are being transported to the Gulf Coast, Canada and, to a much lesser extent, to foreign markets for further refinement. Even with these existing markets, a significant portion of NGLs are being burned in deliveries to commercial and residential energy users, which is a total waste. The logical resolution would be the location of cracker plants in the Ohio River Valley to thrive on these cheap and readily available sources of NGLs. Apart from the proposed Shell cracker facility in Beaver County, Pennsylvania, there are no current plans for additional crackers in the area. Two issues could propel this effort forward. First, the state governments in the affected areas of Ohio, Pennsylvania and West Virginia could streamline their permitting processes for these facilities. Second, the development of the proposed Appalachian Storage Hub would give a cheap, reliable and consistent source of NGLs to the Shell cracker as well as other potential cracker facilities in the area. --- [William M. Herlihy](#)

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## ● [Australian Energy Minister Would Welcome New Coal-Fired Power Plant](#)

*"Energy minister Josh Frydenberg has declared he would welcome the construction of a new coal-fired power plant in Australia ahead of meetings where internal critics of his electricity plan are expected to voice their objections."*

**Why this is important:** Australian politicians are not ruling out the construction of new coal-fired power plants if necessary to meet the goals of the National Energy Guarantee ("NEG"). Increased use of renewables for power generation has led some in Oz to express concern that electricity generation is becoming less reliable and more expensive. The NEG is an attempt to ensure there will be ample supplies of affordable electric power, but that means relying on fossil fuels, such as coal, which

environmentalists adamantly oppose. --- [David L. Yaussy](#)

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## ● [Perry Says Economics are "Secondary" When It Comes to Power Grid](#)

*"Energy Secretary Rick Perry said the threat against the power grid by hackers and others looking to hurt the United States outweighed potential increases in electricity prices brought on by government intervention in the power markets."*

**Why this is important:** This article addresses Department of Energy Secretary Perry's consideration of a request and apparent direction from the administration to consider ways to subsidize coal and nuclear generation plants that operate in the competitive wholesale markets. A rationale for such intervention is being based, at least in part, on the need to have a diverse portfolio of available electric power plants as a guard against attacks on national and cyber security. As Secretary Perry acknowledges, this perspective cuts against the creation of more competitive wholesale power markets that has occurred in the last two decades. In that regard, other fuel resources in the market, notably natural gas-fired power plant interests, oppose efforts to artificially support one fuel source over another, as do most customer representatives who realize subsidies in the market ultimately will result in higher costs for power paid by all electric users, including manufacturing and industrial customers.

--- [Derrick Price Williamson](#)

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## ● [Marcellus Shale Coalition Puts DRBC on Notice the Evidence is Against It](#)

*"The Marcellus Shale Coalition has twice told the DRBC its fracking ban is foolish but wrote a critical letter showing the evidence is against it."*

**Why this is important:** On March 30, 2018, the Delaware River Basin Commission closed its public comment period for proposed rulemaking on regulations for hydraulic fracturing within the basin. Since then, however, researchers from Penn State University and Yale University have released studies undercutting a central premise for the fracturing ban found in the DRBC's proposed regulations. Specifically, both the Penn State and Yale researchers found little-to-no impact on groundwater from hydraulic fracturing activities and, notably, the Penn State study documented improvements in some areas. The Marcellus Shale Coalition accordingly sent the DRBC a letter enclosing those studies in which it again reminded the Commission the evidence simply does not support the stated justifications for the proposed fracturing ban. --- [Joseph V. Schaeffer](#)

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## ● [Tesla to Close a Dozen Solar Facilities in Nine States](#)

*"Electric car maker Tesla's move to cut 9 percent of its workforce will sharply downsize the residential solar business it bought two years ago in a controversial \$2.6 billion deal, according to three internal company documents and seven current and former Tesla solar employees."*

**Why this is important:** Solar City continues to be an albatross around Tesla's neck. The residential solar system supplier, founded by Elon Musk's cousins, was purchased by Tesla about two years ago, with the hope there would be synergies produced by marrying an electric car company with a solar energy installer. So far that has not been the case, as both companies continue to lose money, and Solar City announces closure of about a dozen installation facilities. It's not clear whether the problem is Solar City's or whether the demand for solar systems is dropping across the industry. --- [David L. Yaussy](#)

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## ● [Seven Cars Removed After Iowa Train Derailment, Oil Spill; Cleanup and Railroad Repair to Follow](#)

*"Officials say 230,000 gallons spilled. Roughly 100,000 gallons has been contained with booms in a low-lying area filled with floodwaters near the derailment."*

**Why this is important:** The fact is natural gas, oil and natural gas liquids are going to be transported from production areas to market whether it be by barge, truck, rail or pipeline. Environmental activists around the country oppose the construction of new pipeline systems for the transportation of these products not because of safety or long-term environmental impact concerns, but largely due to their opposition to the use of these substances. Pipeline transportation of natural gas, oil and NGLs is, by far, the safest and most responsible manner in which to transport these substances. The opposition to pipeline projects simply ensures less reliable methods of transportation for these products will continue to be used at a much higher risk to public safety and the

## ● [Russia Oil Minister: We Came Up with Oil Proposal Well Before Trump Pressured OPEC](#)

*"OPEC ministers announced a deal that will increase oil supplies from the producer group, which has been capping output in order to balance the market and boost prices for the last 18 months. But the lack of clear output targets left markets confused."*

**Why this is important:** Russia's oil minister, Alexander Novak, said at OPEC's Vienna summit that U.S. public pressure had no influence on the cartel's decision to increase output. Prior to the OPEC meeting, President Trump had tweeted the cartel should increase production. Novak added that Russia had proposed easing quotas at the end of 2017, and initiated detailed discussion on doing so in February of this year. Russia had hoped to achieve an increase of 1.5 million bpd, but the membership only agreed to an increase of 1 million bpd. The cartel members will meet again in September to discuss whether further steps are needed. Novak also commented the U.S. sanctions imposed on Tehran were not helpful and would create future market difficulties. --- [John C. \(Max\) Wilkinson](#)

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## ● [EIA Energy Statistics](#)

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

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