

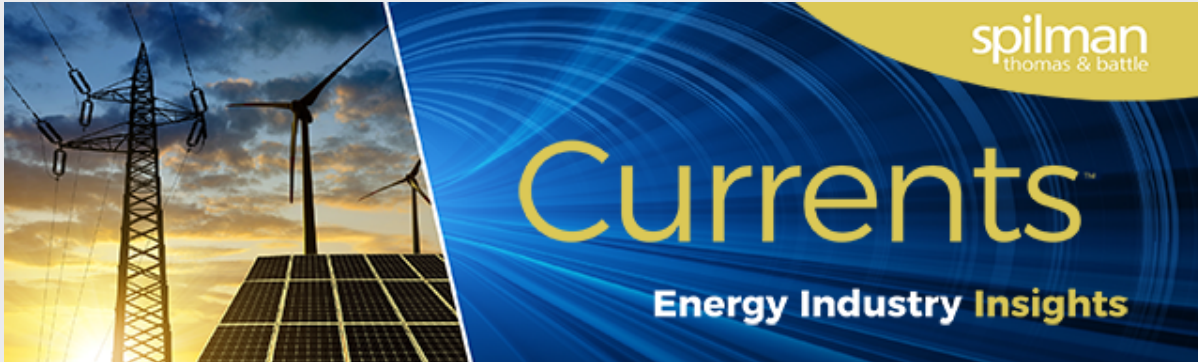
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Issue 47, 2020

● [Welcome](#)



Welcome to our last issue of *Currents* for 2020. As we all know, 2020 has been a trying year. Regardless of the pandemic, the energy sector is always unique and interesting, and this year has been no different. We hope our commitment to continually publishing a *Currents* issue every week helped you and your business in some way. Our goal is to provide insight on a variety of energy industries. Our attorneys all have different focuses, and we are committed to continuing with that in mind as we look forward to 2021. As always, we welcome any suggestions on the type of content you would like to see. Are we missing an industry that's of interest? Would you like to learn more about a certain legal topic and implications? [Let us know!](#) We also have been developing more webinars this year and will be picking up that production next year. [Please let us know](#) if there is a certain topic you would like addressed. We aim to be succinct, yet informative, and your input could help us select issues that would be most helpful. We wish everyone a happy and healthy holiday and a bright and prosperous new year!

[Nicholas S. Preservati](#)
Co-Chair, Energy Practice Group

● [Congress Reaches Compromise on Clean Energy Deal to be Attached to Government Funding Bill](#)

"A bipartisan energy package hitched to the spending bill includes provisions to boost technologies such as advanced nuclear power, energy storage, carbon capture utilization, and direct air capture."

Why this is important: These measures provide much needed support for green technologies that are in early stages of development. Of particular interest are the measures funding R&D of long-duration energy storage systems for excess energy generated by wind and solar power. Right now, a major drawback for wind and solar energy is the difficulty in storing excess energy to use during times of low wind and sun. These measures will do a great deal in lifting that burden. --- [Joseph C. Unger](#)

● [Biden Plans to Nominate Former Michigan Gov. Jennifer Granholm as Energy Secretary](#)

"Granholm will bring experience in promoting clean-energy manufacturing as Biden tries to implement a sweeping \$2 trillion climate plan."

Why this is important: A fundamental tenet of the Biden administration's energy policy is to transition away from fossil fuels and to focus on renewable energy. As the former governor of Michigan, Governor Granholm developed a strong relationship with the Detroit auto industry during the financial crisis of 2008. She is also an ardent supporter of electric vehicles and pushed the auto industry to invest in renewables as part of the auto industry bailout in 2008. Based upon her background and relationship with the auto industry, her nomination as Energy Secretary confirms the incoming administration's general focus on renewable energy and its specific focus on expanding the use of electric vehicles. --- [Nicholas S. Preservati](#)

● [China to Prioritise Russian/Indonesian Coal](#)

"A report by the Global Times reported that China's National Development and Reform Commission had met with the ten major power companies, and had granted them approval to import coal without clearance restrictions, except for coal from Australia."

Why this is important: China's plan to ease entry of imported coal is designed to bring down higher domestic prices and limit excessive fluctuations in futures prices. However, Chinese state-owned media also reported that coal imports from Mongolia, Indonesia and Russia would be prioritized, prompting the Australian government to announce it would "defend the rights" of Australian exporters. Australia's thermal coal exports for 2020-21 are valued to be worth some A\$15 billion with export volumes expected to reach some 208-million tonnes. The Australian Trade Minister, Simon Birmingham, also accused China of breaching global commitments in their membership of the World Trade Organization and its "commitments to Australia in relation to the agreements signed as part of our free trade pact between one another" if the reports prove to be true. --- [Dennise R. Smith](#)

● [Blockchain Can Trace Carbon Emissions for Mining, Metals Companies, Proof of Concept Released](#)

"The successful completion of the proof of concept, named the COT, a Carbon Tracing Platform will be critical in helping to ensure traceability of emissions from mine to the final product."

Why this is important: Reliable and transparent tracking of greenhouse gas emissions recently took another step forward. The World Economic Forum's Mining and Metals Blockchain Initiative has released a proof of concept that could be used to track emissions from "mine to market." The project has been in the works since late 2019, and the release of the proof of concept lays the groundwork for the group to begin the next phase of development. Generally speaking, blockchains are a type of distributed ledger technology that allows records of transactions to be maintained in near real-time in multiple locations. Transactions are recorded and maintained permanently and immutably. Blockchains and distributed ledgers have gained fame recently as the backbone of digital currencies. But, their ability to be adapted to fit a number of other use cases brings promise to the issue of reliably and transparently tracking

emissions. As members of the Initiative put it, the proof of concept will lead to "a greater level of reporting transparency . . . , drive responsible sourcing" and "allow customers to verify the environmental impact of the products they use." --- [Nicholas P. Mooney II](#)

● [USFS Finalizes Review, Clearing Way for MVP to Cross National Forest](#)

"The move clears the way for the Bureau of Land Management to issue a right-of-way for the pipeline's proposed 3.5-mile crossing through the Jefferson National Forest near the Virginia/West Virginia border."

Why this is important: It is becoming increasingly more difficult for major infrastructure projects to successfully maneuver through the federal permitting process when multiple federal agencies are involved. The "One Federal Decision" policy set forth in Executive Order 13807 attempts to alleviate this issue by streamlining the permit process and requiring greater coordination between federal agencies during the permit process. The purpose of this policy is not to allow for permit applications to be "rubber-stamped," but instead, to streamline the process so that permit applications can be approved or rejected without being bogged down by redundant agency review. As such, this policy should garner bipartisan support and be codified into federal law by Congress. --- [Nicholas S. Preservati](#)

● [Biden Emerges as U.S. Gas' Unlikely Ally](#)

"Now, a growing number of companies say they think President-elect Joe Biden's promised methane regulations may be just what the industry needs."

Why this is important: President-elect Biden has promised to "take actions including requiring aggressive methane pollution limits for new and existing oil and gas operations" as soon as he takes office, including negotiating with foreign governments for global emissions targets. While domestic gas and oil producers have spent years fighting regulations that limit greenhouse gas emissions, some industry leaders are backing off and signaling their support of such regulations due to growing pressure from investors "who are increasingly worried about sustainability and climate issues, people in the oil and banking industries said." As the industry has fought to expand domestic drilling and expand U.S. exports, this massive growth pushed coal aside as the leading fuel for U.S. power and increased methane emissions, a more potent greenhouse gas than carbon dioxide, although it dissipates at a faster rate in the atmosphere. Mark Brownstein, Vice President of Energy at the Environmental Defense Fund, notes this turnabout from some industry officials is, in part, "because they get the global picture. . .[and] they understand it's no longer tenable to make the claim that gas is a clean, low-carbon resource and then fight against implementing regulations that guarantee that's the case." --- [Dennise R. Smith](#)

● [How Biden Can Unleash \\$7.8 Trillion Investment and Create 6 Million Jobs by Expanding the Grid](#)

"But despite myriad demonstrated economic and climate benefits, significant policy barriers stand in the way of planning, permitting, and paying for new transmission projects."

Why this is important: This article highlights the job creation opportunities and benefits to the environment associated with investing in updating the electric transmission grid in the United States. While it is undisputed that there are benefits to such investment, the article fails to mention that the cost of these transmission projects are borne entirely by utility customers at a time when they can least afford it. The article also fails to mention that utilities are incentivized to favor transmission projects because they are able to earn unnecessarily high returns on their investment that have been authorized by the Federal Energy Regulatory Commission. Investments in the grid of the scale proposed by the author

must not only consider the benefits of such investment, but also need to consider how and who will pay for them. --- [Carrie H. Grundmann](#)

● [World's Largest Fusion Reactor Begins Assembly](#)

"The pieces are finally coming together on the long-delayed ITER experiment to create nuclear fusion."

Why this is important: After numerous delays, this \$25 billion multinational project is set to be activated in 2025 and running at full power by 2035. The ultimate goal is to produce more heat than the fusion reactor consumes, a feat not yet reached by any other fusion experiment. Fusion has the potential to produce more energy than burning coal or oil, while producing zero greenhouse gases or radioactive waste. If the scientists behind the experiment can pull it off, it will be a huge, yet costly, milestone in the development of fusion energy. --- [Joseph C. Unger](#)

● [Don't Count Out the U.S. Oil & Gas Industry Just Yet](#)

"Thus, with the global economy set to contract 4.4% this year, extrapolating current problems into mid- and long-term forecasts should be met with skepticism."

Why this is important: The energy mix in the U.S., and in the world, is changing, as renewable generation increases and electric vehicle sales grow. But it is premature to write off fossil fuels, which are going to be the primary source of motor vehicle power and electricity generation, for years to come. It takes large infrastructure changes in electricity grid and battery manufacturing to fully shift to electric vehicles, and that will not be accomplished in the short term. --- [David L. Yaussy](#)

● [Oil Giant Exxon Mobil Pushes New Climate Change Plan as Activist Investors Circle](#)

"Exxon Mobil announced a new five-year plan to reduce greenhouse gas emissions, including from methane flaring and upstream operations, which it said were in line with the Paris Agreement reduction targets."

Why this is important: This article highlights the dilemma energy companies face in dealing with climate change and their need to reduce carbon dioxide emissions. Exxon's plan is being criticized because it is seeking to reduce its emissions instead of eliminating them and that it has failed to embrace the concept of "renewables or bust." Right or wrong, this criticism highlights an innate conflict between energy companies such as Exxon and environmental advocates that want them to eliminate emissions completely. Exxon is a global producer of petroleum and petrochemicals and is the second largest oil company in the world by market value. It is unrealistic to expect Exxon to completely abandon petroleum and to limit its business model to just renewable energy. Without significant advances in clean carbon technology, asking fossil fuel companies to eliminate emissions is essentially asking them to stop being fossil fuel companies. Fossil fuel companies and environmental advocates must recognize this inherent conflict and develop strategies that result in meaningful reductions in emissions without completely abandoning fossil fuels. --- [Nicholas S. Preservati](#)

● [Electric Vehicle Models Expected to Triple in 4 Years as Declining Battery Costs Boost Adoption](#)

"It takes almost two decades for the U.S. auto fleet to turn over, 'so this is not like an iPhone adoption,' Bowermaster said."

Why this is important: Similar to wind and solar, developments in energy storage technology is key for a prosperous electric vehicle industry. Experts disagree on exactly when electric vehicles will reach price parity with internal combustion engines, but the manufacturing price for an EV could be significantly cheaper than a gas car by 2026. In 2010, it cost around \$1,000/kWh to build an EV battery. In 2020, that price tag dropped to around \$135/kWh, and that price continues to fall. --- [Joseph C. Unger](#)

● Benefits of Renewable Energy Vary from Place to Place

"A new study from North Carolina State University finds that the environmental benefits of renewable power generation vary significantly, depending on the nature of the conventional power generation that the renewable energy is offsetting."

Why this is important: There are several critical factors that are considered when determining the viability of renewable energy projects, including access to transmission infrastructure, access to sufficient solar or wind resources, capital costs, and demand. This study adds another factor that allows investors and regulators to prioritize renewable energy projects based upon their ability to reduce carbon dioxide emissions. This study found that identical projects may have disparate effects on lowering emissions based upon the location where they are sited and the type of conventional power being offset by the project. For example, one megawatt hour of solar energy in Florida reduces emissions at twice the level of one megawatt hour of solar energy in California. This finding is important because it allows renewable projects to be prioritized by location to ensure that the environmental impacts are maximized. --- [Nicholas S. Preservati](#)

● Energy Question of the Week

Last Week's Question and Results

What will happen to natural gas demand in the United States in 2021?

Significantly Increase - 19.2%
Moderately Increase - 38.5%
No Change - 15.4%
Moderately Decrease - 11.5%
Significantly Decrease - 3.8%
Do Not Know - 11.5%

How familiar are you with the Biden administration's proposed energy policy?

Very Familiar

Select

Moderately Familiar

Select

Not Familiar At All

Select

Do Not Know/Other

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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