



Issue 40, 2018

## ● [How DC Unleashed Fossil-Fuel Exports Despite Climate Worries](#)

*"Since Donald Trump took office in 2017, exports of LNG and crude oil have surged, rivaling the likes of Saudi Arabia and Russia."*

**Why this is important:** The history of U.S. exports of oil and natural gas is complicated and sometimes mixed with political intrigue. However, the increased export of LNG from the U.S. is positive and should be supported for several reasons. These exports help advance a domestic energy business employing tens of thousands of our citizens without government subsidies. Despite attacks by opponents of fossil fuels on ambient methane leaks during natural gas operations, the export of LNG is partially displacing the reliance of developing economies on coal-fired generation to the benefit of the environment. In addition, our increased competition in the international LNG market promotes U.S. influence over international political affairs in a more positive way than alternatives such as the sale of arms or unreciprocated foreign aid. --- [William M. Herlihy](#)

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## ● [Rick Perry's Coal Rescue Runs Aground at White House](#)

*"But the White House has shelved the plan amid opposition from the president's own advisers on the National Security Council and National Economic Council, according to four people with knowledge of the discussions."*

**Why this is important:** A plan to aid struggling coal-fired and nuclear powered electrical generation plants is reported to be failing. The third attempt to aid these plants has opposition from presidential advisers on the National Security Council and the National Economic Council over what plants to help and who would pay for a program that could cost billions. Arguments that these plants can store as much as 90-days fuel on site and, in the case of nuclear plants, have zero CO2 emissions, have not been well received beyond the Energy Department. The Federal Energy Regulatory Commission in January 2018 ruled the loss of aging coal and nuclear plants did not endanger national security or require federal intervention. The plants, which struggle against low cost gas generation plants, are not competitive in today's power markets and face almost certain closure without economic help. --- [Mark E. Heath](#)

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## ● [European Environment Ministers Agree 35 Percent Car Emission Cut by 2030](#)

*"European Union lawmakers have hammered out a deal to cut vehicle emissions by 35 percent by 2030, offering a further boon to the development of electric and hybrid cars."*

**Why this is important:** European politicians want to impose ambitious reductions in emissions from the transportation sector in an effort to force car manufacturers toward electric vehicles. This could be an important incentive for electric vehicles, or it could be a case of politicians leading where consumers may be reluctant to follow. European car manufacturers are signaling this may be too much, too fast. It also assumes renewables or nuclear will be feeding the grid, or all those electric cars will still be fueled by fossil fuels, just less efficiently, through the electric grid. --- [David L. Yaussy](#)

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## ● [Dominion Restarting Cove Point LNG Plant After Maintenance](#)

*"U.S. LNG operator Dominion Energy is restarting its Cove Point liquefied natural gas export terminal in Maryland following a planned maintenance that started late September."*

**Why this is important:** After three weeks of planned maintenance, Dominion Energy restarted pulling gas into Cove Point for export. The liquefied gas will be sold to a subsidiary of Indian energy company GAIL (India) Ltd and ST Cove Point, a joint venture between Japan's Sumitomo Corp. and Tokyo Gas Co Ltd. All of the gas feeding Cove Point comes from the Marcellus/Utica region and exemplifies the global reach of the energy in our backyard. --- [Matthew P. Heiskell](#)

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## ● [Fragile Pipelines Pose an Increasing Risk in Gas-Hungry U.S.](#)

*"In all, the country has about 80,000 miles of unprotected bare steel and cast or wrought-iron natural gas pipes -- enough to wrap around the Earth three times -- much of which dates back to the early 1900s."*

**Why this is important:** A distinction should be made between new interstate pipeline development and local gas utility pipeline systems. The current initiative to connect shale gas production with major utility markets by new interstate pipelines is not the source of recent tragic gas explosion accidents in residential areas. Local utilities have maintained local gas pipeline systems for many decades without updating and replacing those residential distribution systems. Local utilities should be held accountable for properly maintaining their natural gas distribution pipeline systems. But, don't allow local accidents on antiquated residential pipelines to be confused with state of the art interstate pipelines safely reducing utility costs in many regions of our country. --- [William M. Herlihy](#)

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## ● [Southern West Virginia Coal Production Increased in Q2 2018](#)

*"In the Mountain State, officials confirmed that Q2 coal production gains in southern West Virginia had increased over a million short tons from the first quarter of the year to 13.3 million short tons."*

**Why this is important:** West Virginia Coal production in the second quarter of 2018 is up over one million tons from the first quarter of the year. Production totaled 13.3 million tons, up from 11.9 million tons a year ago. The increases are driven by a strong metallurgical coal market and increases in thermal coal prices. However, to the south, Virginia's new State Energy Plan is focusing on doubling its use of renewables to 16 percent through solar and wind. Currently, Virginia gets only 11 percent of its electrical power from coal, while gas provides 52 percent, nuclear 28 percent, renewables 6 percent and hydro 2 percent. Gas generation continues to increase in many states, but Virginia's change is a dramatic decrease in coal usage. --- [Mark E. Heath](#)

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## ● [Two Federal Courts May Have Just Saved the Nuclear Power Industry](#)

*"That's because two federal courts of appeals last month upheld very similar state laws in Illinois and New York aimed at subsidizing those states' under-performing and at-risk nuclear power plants."*

**Why this is important:** Only one form of energy provides significant baseload power without greenhouse gas emissions-- nuclear energy. However, nuclear plants are distrusted by the public and hated by most green groups, and the regulatory restrictions on construction and operation have caused their costs to skyrocket. Now, two federal courts have recently approved state plans for protecting nuclear plants against competition by cheaper natural gas. The subsidies may allow nuclear power to remain a viable means of providing a carbon-free baseload, at least for the short-term. --- [David L. Yaussy](#)

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## ● [Surging Potential for Downstream Natural Gas Development Examined at Charleston, WV, Panel](#)

*"Experts examined how a big part of West Virginia's economic potential could come from downstream natural gas development at the state's Economic Outlook Conference on Oct. 3."*

**Why this is important:** There is an historic opportunity to regenerate the chemical manufacturing industry in West Virginia and

the Ohio Valley based on abundant natural gas liquids associated with Appalachian shale gas production. This sort of initiative needs a jump start by state and federal authorities to give traction to a renewed chemical industry. A great start would be an accelerated development of the Appalachian Storage and Trading Hub to provide a predictable and low-cost source of these valuable feed stock natural gas liquids to attract potential manufacturing facilities. However, a major delay in promoting this potential source of manufacturing will allow the planned development of competing facilities in Canada and offshore to preempt this once-in-a-generation opportunity to create high-paying and long-term jobs for the Appalachian region. --- [William M. Herlihy](#)

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## ● [U.S. Eyes West Coast Bases for Coal Exports](#)

*"The Trump administration is considering using West Coast military bases or other federal properties as transit points for shipments of U.S. coal and natural gas to Asia, as officials seek to bolster the domestic energy industry and circumvent environmental opposition to fossil fuel exports."*

**Why this is important:** Exporters of gas and coal from the American heartland have run into roadblocks--lack of export terminals on the West Coast. Communities and environmental groups in Washington, Oregon and California have opposed efforts to construct deep-water ports for loading coal, because such facilities are locally polluting and contribute to global warming. The Trump administration is threatening an end-around, using military bases and other federal property as potential ports for loading coal and LNG. If appropriate port sites are identified, exports of coal and LNG to the Far East could become more cost-effective and drive up sales. --- [David L. Yaussy](#)

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## ● [Why the Market Should Expect Saudi Arabia to Send Oil Prices Lower Over Journalist's Disappearance](#)

*"Saudi Arabia could soon take action to push oil prices lower, one analyst told CNBC, as part of a 'settlement' plan to alleviate diplomatic tensions with the U.S."*

**Why this is important:** Saudi Arabia has a dual incentive to ramp up production and keep the cost of oil low: (1) The country is behind the eight ball in dealing with the international condemnation of the death of journalist Jamal Khashoggi, and needs to develop new goodwill as a result, and (2) Saudi Arabia needs to increase production of oil in cooperation with the U.S. to offset the loss of Iranian oil due to the reimposition of sanctions against Iran. Both events will likely push down oil prices in the short-term. --- [Bryan S. Neft](#)

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## ● [Nissan & EDF Partner to Explore Potential of Demand Response](#)

*"Nissan and EDF Energy have partnered up to explore the potential to leverage second-life plug-in vehicle batteries in EDF's demand response platform, PowerShift."*

**Why this is important:** What to do with all those leftover batteries, when cars reach the end of their service lives? One possibility is to reuse them as grid-scale batteries. If Nissan and its partner EDF Energy can successfully repurpose lithium ion car batteries as storage devices for the grid, they might take a significant step in making intermittent renewables, like wind and solar, more viable as 24/7 power sources. --- [David L. Yaussy](#)

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## ● [EIA Energy Statistics](#)

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

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