



Issue 35, 2019

● [FERC Proposes to Modernize PURPA Regulations](#)

"The Federal Energy Regulatory Commission proposed to modernize its regulations governing small power producers and cogenerators under the Public Utility Regulatory Policies Act of 1978 to better address consumer concerns and market changes in the energy landscape in recent decades."

Why this is important: FERC's issuance of a Notice of Proposed Rulemaking ("NOPR") signals the first real attempt to overhaul PURPA since its enactment in 1978. Among the issues FERC proposes to address are: (1) the methods states can employ to determine avoided cost rates; (2) modification of the "one-mile rule"; (3) reduction of the size threshold for the rebuttable presumption for a qualifying facility ("QF") to access the market; (4) clarification on how to establish a legally enforceable obligation ("LEO"); and (5) simplification of the process to challenge QF status. While FERC maintains such changes are necessary to reflect changes in the industry over the past 40 years, solar advocates argue this NOPR is merely an attempt to gut PURPA and to further disadvantage renewable resource development. Interested parties have 60 days to submit comments in response to the NOPR. While the outcome of the NOPR cannot yet be known, we expect a significant volume of comments to be filed with widely divergent views. --- [Carrie H. Grundmann](#)

● [Oil Industry's Future May Rest on Climate Debate Over Natural Gas](#)

"Championed by Big Oil as the fastest way to reduce emissions and reviled by environmentalists who say the world needs to ditch all fossil fuels -- the debate over natural gas may be one of the controversial aspects of climate change."

Why this is important: The largest threat facing the petroleum industry is electric generation. Petroleum has nearly an absolute monopoly as the fuel source for transportation as it fuels 92 percent of all transportation in the U.S. This is critical because transportation has now surpassed electric generation as the largest source of CO2 emissions. The reason electric generation is such a threat is because it can fuel the transportation industry with much lower CO2 emissions. Renewable and nuclear sources account for 36 percent of global electric generation. As that number grows, CO2 emissions from electric generation will continue to fall. Electrifying the transportation industry will result in an immediate and substantial reduction in CO2 emissions because renewables, nuclear and natural gas will supplant petroleum as the fuel source. This is an existential threat to the petroleum industry and its monopoly over the transportation industry. --- [Nicholas S. Preservati](#)

● [Coal Technology Focus of New U.S. DOE Funding](#)

"The US Department of Energy has selected 32 research and development projects involving advanced coal technology to receive \$56 million in federal funding."

Why this is important: The U.S. Department of Energy has just announced \$56 million in funding to help coal to burn cleaner and stem some of the decline in coal usage. The 32 projects focus on such topics as advanced boilers, high efficiency, and clean coal technology, along with rare earth and critical materials. --- [Mark E. Heath](#)

● [WV's U.S. Representatives Introduce Resolution to Promote Creation of Appalachian Storage Hub](#)

"Long advocated for by representatives and experts in and around West Virginia, the proposed facility would be used to store large amounts of natural gas liquids for future use."

Why this is important: Following the creation of Governor Justice's Petrochemical Task Force, West Virginia's U.S. Congressional delegation is promoting development of the Appalachian Storage Hub ("ASH"). The ASH facility is an essential element to the attraction of downstream value-added jobs for the petrochemical industry in the Appalachian Basin. Long-term promotion of the ASH development from both the federal and state delegations in West Virginia is very important to the success of this effort. --- [William M. Herlihy](#)

● [Idle Mines Portend Dark Days for Top U.S. Coal Region](#)

"It's a big hit to the region straddling northeastern Wyoming and southeastern Montana, where coal has quietly supported the economies of both states for decades and fuels a shrinking number of power plants in 28 states."

Why this is important: The Powder River Basin continues to adjust to this year's bankruptcies and mine idlings. Three of the Basin's nine major producers have filed bankruptcy since March 2019. The Eagle Butte Mine, the nation's fourth largest mine, and Belle Ayr Mine, the nation's sixth largest mine, which together employed 600 miners, have been closed since July 1. The Basin, with low sulfur coal, was thought to have another 100 to 200 years of mining life and now faces an oversupply of coal. With limited exports and continued coal-fired electric powered generation plants closings, many believe additional mine closings will be necessary to balance supply with demand throughout America's largest mining basin. --- [Mark E. Heath](#)

● ["Too Much Too Fast" Gas Glut Crushes Shale Drillers](#)

"Appalachian shale drillers are getting squeezed by low prices, and a supply glut may mean that there is little prospect of a pricing rebound anytime soon."

Why this is important: It's true the rapid advances in horizontal drilling and fracturing technologies have depressed natural gas prices to levels that may not be sustainable in the long-term. A partial solution for this oversupply could be removing roadblocks to the completion of pipelines to LNG export facilities to secure a dominant U.S. position in international gas and petrochemical markets. Another possibility would be tax incentives to encourage commercial fleets of gas powered vehicles. Lastly, the development of the Appalachian Storage Hub and current low prices also could assist with an increased demand in downstream industries. The ongoing oversupply of natural gas is a complex problem, and a multi-segmented approach is necessary to address this imbalance. --- [William M. Herlihy](#)

● [Many Wind Turbines are Slated to Come Online in the United States in 2019 and 2020](#)

"The U.S. Energy Information Administration expects that U.S. wind capacity additions in both 2019 and in 2020 will be near the annual record level of additions set in 2012."

Why this is important: Wind power for U.S. electrical generation continues to grow. The first half of 2019 saw 3.7 GW of wind generation start production. In the second half of 2019, an additional 8.5 GW of wind powered electrical generation will come on-line, and in 2020, 14.3 GW of wind generation will be added to the U.S. generation portfolio. That 2020 number will eclipse the current record of 13.3 GW added in 2012. The increases are driven by a 2.3 cent production tax credit on each kWh of power generated over the project's first 10 years. These additions are driven in part by the wind projects needing to be operational by the end of 2020. --- [Mark E. Heath](#)

● [Energy Regulator Warns of Blackouts if Gas Pipeline Were Attacked](#)

"Neil Chatterjee, chairman of the Federal Energy Regulatory Commission, warned that an attack on even a single U.S. natural gas pipeline could cause mass blackouts."

Why this is important: This article highlights the fact that one of the most significant threats to the electric grid actually comes from outside the grid. Regulators have realized power stations and electric transmission lines are critical infrastructure that must be protected. However, the infrastructure that delivers the fuel to the power stations is often overlooked from a security perspective. A significant disruption to the fuel supply at one power station could cause a cascading effect across large portions of the grid. This is why the military focuses so heavily on the logistics of its supply chain. It learned during times of war, it may be easier to defeat an opponent by attacking their supply chain than engaging in battle on the front lines. The events in Saudi Arabia show that terrorists have learned that energy infrastructure is vulnerable. This article is important because it highlights the vulnerability of the grid via its supply chain. --- [Nicholas S. Preservati](#)

● [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](#)

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