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Issue 25, 2020

● [Top Court Seeks Trump Administration Input on PennEast Pipeline](#)

"The U.S. Supreme Court asked the Trump administration for input on a PennEast Pipeline Co. appeal that aims to jump-start a planned natural-gas line by securing key land-use rights from New Jersey."

Why this is important: PennEast is a 116-mile pipeline planned to run between Luzerne County, PA (northwest of Wilkes-Barre) and Mercer County, NJ (north of Trenton). No ground has been broken on the project, primarily because the State of New Jersey sued to challenge PennEast's use of federal eminent domain power to acquire state-owned property. The Third Circuit Court of Appeals held that New Jersey's 11th Amendment sovereign immunity barred PennEast from using the federal Natural Gas Act's eminent domain power to acquire property owned by the state. PennEast petitioned the U.S. Supreme Court for certiorari in February. This past week, the U.S. Supreme Court entered an order inviting the Justice Department's Solicitor General to submit briefs expressing the views of the United States on the issues. The request signals the high court's interest in the case, though it will also delay the project even longer. --- [Matthew P. Heiskell](#)

● [Shares in Chesapeake Energy Set for Delisting, as Historic Bankruptcy is Finally Official](#)

"Delisting Chesapeake is an important move given the stock trading environment we're in, with retail investors on the Robinhood platform having been avidly bidding up shares of already bankrupt companies like Hertz and Whiting Petroleum."

Why this is important: The one-time leader in the shale revolution now becomes one of the first major economic casualties. For anyone who has ever visited the visionary Chesapeake campus in Oklahoma City - including Aubrey's signature "blue theater" - it is evident that this foreseeable and inevitable news represents a major blow to various regional economies - both there and in Appalachia. --- [Michael J. Basile](#)

● [Colorado Springs Utilities Commits to Closing Coal-Fired Generation at Drake Power Plant](#)

"It costs more to operate than we can buy energy on the spot market,' board member Wayne Williams said."

Why this is important: In a sign of the current state of electric power generation that has resulted in dramatic drops in coal used for power generation, the Colorado Springs Utilities' Martin Drake Power Plant will cease use of coal-fired electric generation by 2023. That is 12 years earlier than planned. The utility stated it was cheaper to close the coal-fired generation plant in downtown Colorado Springs and will generally replace coal-fired generation with wind generation and battery storage. If battery storage technology does not develop by 2024, the utility will use more natural gas generation. It is adding 180 MW of gas-powered generation at the Drake Power plant site temporarily (as needed transmission lines begin at the Drake plant) before moving generators to another site. The utility noted four workers will maintain the gas turbines while a coal-fired generation unit would require 80 employees to operate it. The utility has a goal of being 80 percent carbon-free by 2030 and a goal of 90 percent renewables by 2050. - -- [Mark E. Heath](#)

● [BP Sells Petrochemicals Arm to Ineos for \\$5 Billion](#)

"CEO Bernard Looney said the sale represents 'another deliberate step in building a BP that can compete and succeed through the energy transition.'"

Why this is important: Energy players of every size are rethinking their focus as virtually every economically impactful variable currently faced by said companies is driving cash conservation/contraction to conserve the 'considerable capital' that this form of diversification requires. --- [Michael J. Basile](#)

● [U.S. DOE to Provide \\$122M for Coal Products Innovation Centers](#)

"The centers will research and incubate innovative mining, beneficiation, processing, and purification technologies that are environmentally sustainable."

Why this is important: The U.S. Department of Energy has announced \$122 million in funding for coal products innovation centers in the U.S. coal basins. The centers want to focus on rare earth minerals recovery and development, and value-added products that could be made from coal. Currently, coal is being used to create coal foam products with ceramic like properties. Coal foam products are used by the military for ship insulation and in the space program for rocket nozzles. The Carbon Ore, Rare Earths, and Critical Minerals ("CORE-CM") Initiative, will be sponsored by DOE's Office of Fossil Energy, which will provide funding for these innovation centers. Financing will also be made available through one or more funding opportunity announcements issued by DOE's National Energy Technology Laboratory. With the declining use of coal for electric generation, these new uses for coal are critical for U.S. coal production. --- [Mark E. Heath](#)

● [In America, Black Families Pay More for Energy than White Families, Says Study](#)

"The 'disproportionate costs,' the paper posited, result in a Black household energy burden that perpetuates wealth and housing disparities."

Why this is important: The article highlights a study released by Cal-Berkeley suggesting that black households pay more for energy than white households, and that gap is even more pronounced for low-income black households. This race-based disparity is driven by, and amplifies, historic inequities in wealth and housing. Lack of access to energy efficiency and other cost-saving measures are a related cause. The study's author notes that more analysis is required, but there is broad evidence that black homeowners bear a disproportionate share of energy costs. This is important to understand as a reflection of the pervasiveness of systemic racism and also in evaluating energy policy choices that must address the implications of increased power costs on those ratepayers already bearing a disproportionate share of those costs. --- [Derrick Price Williamson](#)

● [Spain to Become Coal-Free Country, because It Saves Money](#)

"The remaining 15 coal mines required state aid at a level not permitted by the EU to be profitable."

Why this is important: Spain has decided to close all of its remaining coal-fired electric generation plants in the next few years. And it is for economic reasons -- not environmental laws driving the change. The economic impacts include carbon taxes for emissions and limits on coal mine operating subsidies. Coal-fired generation is 15 percent of the total power generation in Spain and also 15 percent of the country's carbon emissions. Spain has 15 coal mines. Seven closed on June 30, 2020, and the rest are coming in the next few years due to European Union limits of Spanish mine subsidies now keeping the mines profitable. Many believe all Spanish coal mines will close by 2025. The largest coal-fired plant will be replaced by the largest solar farm in Europe. Four thousand workers will tear down the power plant and build the solar farm. --- [Mark E. Heath](#)

● [Should the U.S. Beef Up Cybersecurity Rules for Distributed Resources? FERC Solicits Public Input](#)

"The Federal Energy Regulatory Commission published a notice of inquiry on cybersecurity issues, including how 'a coordinated cyberattack on geographically distributed targets' could disrupt the grid and potential measures to counter the threat."

Why this is important: In September 2019, the U.S. Government Accountability Office reported that the U.S. electric grid is becoming more vulnerable to cyberattacks. So far, that grid has not experienced the types of major disruptions experienced in other countries and other industries. In order to stay one step ahead of the threat, FERC is seeking information and input about potential vulnerabilities and whether the existing standards are adequate. This article is important because it discusses the types of information FERC is seeking and whether existing standards need to be modified to account for the increase in distributed resources and industrial control systems. --- [Nicholas P. Mooney II](#)

● [U.S. Petrochemical Industry Forced to Rethink Investment Decisions Amid COVID-19 Pandemic, says GlobalData](#)

"The COVID-19 outbreak and crude oil price crash have pushed petrochemical companies in the U.S. to announce project delays."

Why this is important: Efficiencies, contractions, and lessening demand are driving focus and correspondingly may be driving many companies back toward original core competencies through sometimes radical shifts in their FID - Final Investment Decision - Plans. --- [Michael J. Basile](#)

● [Coal Prices Slammed on Slumping India Imports, China Fears](#)

"Seaborne coal prices in Asia have plunged to the lowest in more than a decade as shipments to the region's top importers, especially India, have come under pressure in the midst of the coronavirus-led economic slowdown."

Why this is important: Seaborne Asia coal exports are at the lowest price in a decade, driven in part by the economic slowdown from COVID-19 and resulting in reduced imports in India and China. Australian thermal coal is exporting at \$48.14, the lowest price since November 2006 and at a 31 percent decline from its January 2020 price of \$69.59. Metallurgical coal dropped to \$106 on June 1, 2020, its lowest price since August 2016, and is now \$111.43. Indonesia now is exporting lower quality thermal

coal at \$23.89 and as India and China reduce imports, India is at its lowest import tonnage since January 2015. These developments continue to limit any ability of U.S. producers to export to Asia and continue to cause U.S. mine closings and idlings. --- [Mark E. Heath](#)

● Energy Question of the Week

Last Week's Question and Results

Which country poses the largest geopolitical threat to the world's energy market?

China - 43.5%
Saudi Arabia - 21.7%
Russia - 17.4%
Brazil - 4.3%
India - 4.3%
United States - 4.3%
Other - 4.3%

How important to you it is that the U.S. produce all of its own energy?

Very Important

Select

Somewhat Important

Select

Not Very Important

Select

Not Important at All

Select

No Answer/Unsure

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

What are your areas of interest? If there are particular industries or issues that you would like to hear about, [email us](#) ! We have a large number of attorneys willing to weigh in on the issues that impact you and your business.

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Responsible Attorney: Michael J. Basile, 800-967-8251