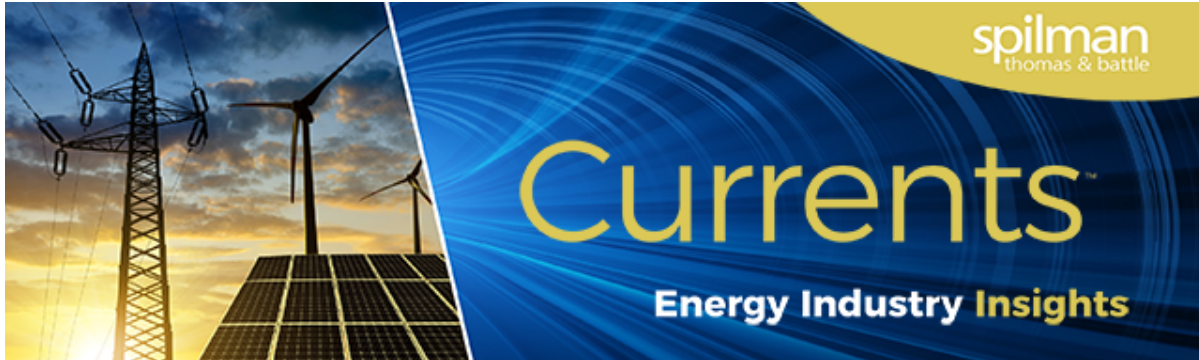


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Volume 6, Issue 8

● **Welcome**

Welcome to the eighth issue of *Currents* for 2022.

We are very pleased to sponsor GO-WV's Annual Summer Meeting, August 7-9 at The Greenbrier in White Sulphur Springs, West Virginia. The event features an excellent lineup of speakers during the industry presentations on Monday and Tuesday, and it is always a great event for networking and education. We hope to see you there! Click [here](#) to learn more and register.

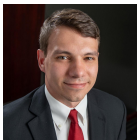
As always, thank you for reading.



[Nicholas S. Preservati](#)

Co-Editor, *Currents*

Co-Chair, [Energy Practice Group](#)



[Joseph C. Unger](#)

Co-Editor, *Currents*

● **[Report Claims ESG-focused US Shale Producers Perform Better Over Time](#)**

"It is clear that ESG performance impacts investor appetite, even though ESG scores have not been the lead indicator of stock growth during the latest market recovery in 2021."—Alisa Lukash, Vice President Shale Research, Rystad Energy"

Why this is important: While it is likely that factors other than ESG disclosures contribute more to market performance, the environmental interest of investors will only increase over the years. At some point, investor interest in environmental information may reach a point where it becomes "material" and must be disclosed by all public producers. On top of this increased investor interest, in March of 2022, the SEC released a proposed rule to enhance and standardize climate-related disclosures to investors. Whether or not ESG disclosures result in better market performance, increased investor interest and pressure from the SEC are likely to result in ESG disclosures becoming more common across the industry. --- [Joseph C. Unger](#)

● [US Coal Giants See Surging Sales as Global Prices Reach Records](#)

"The biggest US coal miners are seeing soaring revenues as global demand for the dirtiest fossil fuel drives prices to record highs."

Why this is important: The Ukraine Russian war continues to disrupt world energy markets and has brought a rapid return to coal-fired electrical generation in many parts of the world. Peabody just announced its second quarter sales were up 83 percent from last year, and totaled \$1.32 billion – their highest level since 2018. Arch Resources announced its sales last quarter doubled to \$1.13 billion – Arch's highest sales since 2011. Experts think 2022 global coal consumption will match records set in 2013. And as Russia continues to threaten Europe's natural gas supply, world coal consumption will only increase further. --- [Mark E. Heath](#)

● [Despite SCOTUS EPA Ruling, Biden has Options to Address Climate Crisis](#)

"But if Biden combines an emergency declaration with far-reaching executive actions he can still make significant progress on one of his signature issues, climate advocates and environmental law experts said."

Why this is important: *West Virginia v. EPA* made it more difficult for EPA to regulate greenhouse gases using creative interpretations of the Clean Air Act provisions that weren't drafted with climate change effects in mind. President Biden may try to achieve the same ends by declaring a national emergency to address climate change, much as President Trump did to justify construction of a wall on the southern border. If he does, the extent to which policy can be made under an emergency order will be tested, as attempts to end-run the Clean Air Act will likely draw challenges. --- [David L. Yaussy](#)

● [Why the Supreme Court's Climate Ruling Matters to the SEC](#)

"Now, many of these same critics say the Supreme Court decision in the West Virginia v. EPA case gives them more ammunition to attack the SEC climate proposal."

Why this is important: In March of 2022, the SEC released a proposed rule to enhance and standardize climate-related disclosures to investors. In June 2022, the Supreme Court ruled in *West*

Virginia v. EPA that EPA was not authorized by the Clean Air Act to restructure electricity generation in the United States through its Clean Power Plan, by effectively banning coal-fired electricity generation and forcing a switch to weather-dependent renewables. The Plan, by EPA's own estimates, would have resulted in billions of additional power costs, and a trillion-dollar reduction in GDP by 2040. The Court reached their decision through the "major questions" doctrine, a legal theory that says Congress must give agencies an explicit green light when regulating issues of "vast economic and political significance." It is unclear whether the SEC's ESG disclosure rule would qualify for application of the major questions doctrine, but that may not matter in the long-term. Even if the rule is eventually struck down, public companies are required to disclose information that is "material" to investors. Information is material if there is "a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the 'total mix' of information made available." The more investors that request ESG information for their valuation determination and investment decisions, the more likely ESG information will be considered material and require disclosures, with or without the SEC's proposed rule. --- [Joseph C. Unger](#)

● [Coal Prices are Breaking Records, but Production is Dropping](#)

"West Virginia coal production was up 3.6 percent in the first three months of the year, while Appalachian coal production was down 1.2 percent."

Why this is important: Coal prices continue at record levels, but production is down due to shipping concerns and labor shortages. U.S. production is up 6 percent in first quarter, and West Virginia production rose 3.6 percent. But overall, Appalachian coal was down 1.2 percent. Central Appalachian low sulfur coal is now \$168 a ton and northern Appalachian coal is \$141. Prices in the Illinois basin now top \$190, up from \$35 last year. --- [Mark E. Heath](#)

● [U.S. Selects Test Plant for Advanced Nuclear Reactor Fuel](#)

"The U.S. Department of Energy said it had selected a design to build a multibillion-dollar test nuclear reactor at the Idaho National Laboratory that could help develop fuels for advanced nuclear reactors."

Why this is important: The U.S. Department of Energy has chosen a design for a new type of nuclear reactor to be built at its Idaho National Laboratory. The Versatile Test Reactor will be the first fast test reactor built in the last 30 years. It will use a GE Hitachi design and will use a sodium cooled, fast test reactor. The cost is estimated at \$3.9 to \$6 billion. Administration officials believe nuclear power will be key to reducing greenhouse gases and global warming. --- [Mark E. Heath](#)

● [Pending Copper Shortfall Threatens Energy Transition, Greenhouse Gas Reduction Goal](#)

"Growing demand for copper from key parts of the energy transition — electric vehicles, solar and wind equipment, and power lines — will likely outstrip supply later this decade, potentially putting the goal of net zero carbon emissions in 2050 out of reach."

Why this is important: Transitioning the world economy to run on electricity and batteries, rather than directly from combustion sources, will entail mining huge amounts of metals like copper, nickel, lithium and cobalt, in addition to rare earth metals. The demand for copper alone will likely far outpace supply as electric vehicles, batteries, solar panels and wind generation are manufactured in greater numbers. Given

the difficulty of obtaining mining permits, there is little likelihood of producing sufficient copper in the U.S. to meet demand. --- [David L. Yaussy](#)

● [Coal Shipments Continue to Hit Rail Roadblocks, Lawmakers Say](#)

"Railroads say they lack a sufficient number of workers."

Why this is important: Railroad shipping woes continue to limit coal sales in West Virginia. The shortage of rail cars continues and has slowed coal shipments to both power plants and coal ports for export to Europe. West Virginia legislators are being updated regularly on the developments, but realize this is a federal issues and not one in state control. --- [Mark E. Heath](#)

● ['Batteries Aren't Going to Do It': NERC's Moura Calls for Gas Investment to Maintain Reliability](#)

"The duration of operator-initiated load shedding events spiked and unserved energy demand reached its highest levels ever, NERC officials said."

Why this is important: Solar and wind energy need backup when conditions prevent their operation. There is a growing realization that resource constraints and cost will prevent use of batteries to provide that support, leaving natural gas as the best means of filling in when renewables aren't providing power. --- [David L. Yaussy](#)

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