

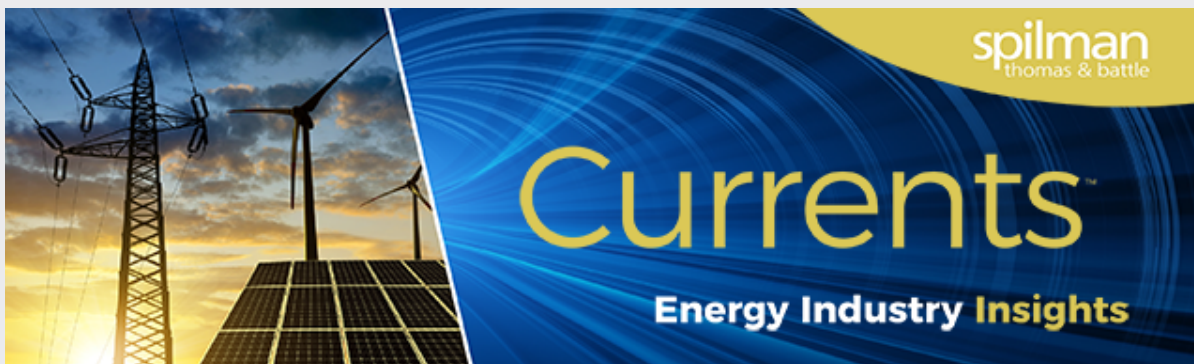
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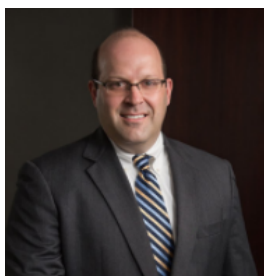


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Volume 5, Issue 15

● [Welcome](#)



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[Nicholas S. Preservati](#)

Co-Chair, Energy Practice Group

● [Clearway Energy Acquires 264-MW Wind Farm in West Virginia](#)

"Located in Grant County, Mt Storm was put on stream back in 2008 and is feeding electricity into the PJM market."

Why this is important: Clearway Energy announced on April 27, 2021, that it had completed the acquisition of the 264 MW wind farm located in Mt. Storm, Grant County, West Virginia, owned by Castleton Commodities International. Prior to the ownership by Castleton, the project, referred to as Nedpower Mount Storm, was a joint venture between Shell Wind and Dominion Resources. It delivers its electricity into the PJM market and is not directly available to West Virginia ratepayers. With the addition of Nedpower Mount Storm to its wind portfolio, upon completion of its recently certificated Black Rock Wind project, and together with its Pinnacle Wind project, Clearway will have more than 430 MW of wind power in West Virginia. --- [Susan J. Riggs](#)

● [China Set to Cap Coal Consumption, Boost Domestic Oil & Gas Output in 2021](#)

"China is set to cap coal consumption in 2021 by reducing it to less than 56% of the country's total energy mix, while planning to boost domestic oil and gas output -- a set of targets that are deemed easy to meet when overall consumer energy demand recovers from the pandemic-induced economy, industry and market analysts said."

Why this is important: China plans to cap coal usage this year by reducing it to 56 percent of its energy portfolio. The world's largest country used 4.98 billion tons of coal in 2020, which was 56.8 percent of its energy portfolio. Coal in China is used for electrical generation, industrial uses and home heating. The country plans to cap its carbon emissions by 2030 and be carbon neutral by 2060. It plans to increase its current 960 GWs of non-fossil fuel production (wind, solar, hydro and nuclear) to 1,120 GWs in 2021. China expects to offset coal use by increasing domestic crude oil production to about 196 million MT and increasing natural gas output to 202.5 BCM in 2021. --- [Mark E. Heath](#)

● [Energy Producers and Consumers Face More Climate Disclosures](#)

"The Securities and Exchange Commission is thinking about imposing a one-size fits all requirement for publicly-traded and in some cases even private companies to issue assessments of how climate change will impact the companies."

Why this is important: Issuers already are required to report material climate change information and risk to investors, but what is considered "material" is subject to interpretation. SEC staff have stated that information is material if "there is a substantial likelihood that a reasonable shareholder would consider it important in making an investment decision." Because it is difficult to quantify the effects a given company or industry have on the climate, disregarding materiality for theatrics has become more commonplace in disclosures. The SEC realizes it has an uphill battle in its effort to make climate disclosures more effective, and it is seeking [public input](#) on the issue. --- [Joseph C. Unger](#)

● [UMWA Seeks Foothold for Coal in the Green Hydrogen Economy](#)

"However, the spectacular rise of the green hydrogen industry may close off coal employment pathways that seemed safe just a few years ago."

Why this is important: Last week, the UMWA issued a detailed mission statement supporting federal energy policies aimed at creating new clean energy jobs. The statement further emphasizes the need to repair the social and economic devastation suffered by coal-reliant Appalachian communities by providing well-paying and dependable employment. The union argues there should be "specific, concrete actions that are fully-funded and long-term" to retrain displaced coal workers and replace lost tax revenues from the coal industry with new funding streams. The UMWA proposes funding these initiatives through a "wires" charge on retail electric power sales, paid by utility customers, which would amount to less than \$3.00 per month for the average residential ratepayer, according to the union. The UMWA argues that existing union jobs should be retained by incentivizing hydrogen production from underground coal seams and small-scale coal mining for rare earth materials. However, the rise of green hydrogen industry and its relative low cost are likely to undermine the viability of that proposal for continued employment. While the statement raised many eyebrows in the coal industry, it was largely viewed as giving Senator Joe Manchin, of the coal mining state of West Virginia, a green light to support President Biden's infrastructure plan, which focuses on climate-friendly initiatives. As the author of this article states,

Senator Manchin “appears to hold the key to passage with his vote, and the UMWA statement has just provided him with permission to vote in favor.” --- [Dennise R. Smith](#)

● [White House Targets \\$38B to Aid Coal Sector Transition, but It's Likely Not Enough, Analysts Say](#)

"The Biden administration may be making jobs — and specifically, recovery from the loss of fossil fuel industries to the energy transition — a top priority, but analysts say it remains to be seen whether his strategies will work."

Why this is important: As coal production has declined, the Biden administration has identified 25 coal regions it believes could be helped by using \$38 billion in existing federal funds to transition workers and communities to new jobs. Analysts worry that may not be enough, but a work group plans meetings to discuss how the funds could be used to give jobs to displaced coal workers. Funds would be used for infrastructure – roads, water, broadband – and to fund clean energy projects and remediation of environmental issues on abandoned energy sites. --- [Mark E. Heath](#)

● [To Deter Russia, Hit Them Where It Hurts](#)

"Prohibitions on Russia's oil and gas sector — the beating heart of the economy — could prove devastating enough to force Putin to reconsider."

Why this is important: Oil and gas related sanctions could be effective at deterring Russia from flexing its military muscles, but the international cooperation required to impose those sanctions is unlikely to materialize. In 2018, more than 60 percent of Russia's crude oil and natural gas exports went to Europe, but eyes will be specifically on Germany. It is believed that Russia currently provides around 40 percent of Germany's natural gas imports and, with the Nord Stream 2 pipeline nearing completion, that figure certainly will rise. It will take a lot for Germany to forego the \$11 billion project in support of EU-US sanctions. --- [Joseph C. Unger](#)

● [California's Dilemma: How to Control Skyrocketing Electric Rates While Building the Grid of the Future](#)

"New ideas include income-based rates, publicly-funded infrastructure, utility entrepreneurship, and customer-funded wildfire insurance."

Why this is important: Electricity costs in California far outpace inflation, putting low and moderate income persons under financial pressure. Some of the cost pressure comes from adoption of policies such as those favoring net metering and all-home electrification. Those policies help higher income persons who can afford to take advantage of the market restructuring, but they require the ability to invest in the solar panels and home appliances that are needed to take advantage of those programs. California is looking at how it can ameliorate these charges to lower income persons, but doesn't appear to be looking at changing the climate and renewable energy goals that are driving some of the increased costs. --- [David L. Yaussy](#)

● [DOE Launches International Clean Energy Initiatives to Tackle Climate Crisis](#)

"These efforts, coordinated by DOE's Office of International Affairs in support of President Biden's Leaders Summit on Climate, will help America meet the Biden Administration's ambitious domestic goals of 100% clean electricity by 2035 and net-zero carbon emissions by 2050, while creating millions of good-paying jobs across the nation."

Why this is important: Signaling the U.S.'s return to a world leadership role in tackling climate change, the DOE announced six new global initiatives to expand international cooperation in fighting the climate crisis, boosting clean energy innovation, and advancing an equitable transition to a net-zero future. These initiatives are part of the Biden administration's "ambitious domestic goals of 100% clean electricity by 2035 and net-zero carbon emissions by 2050, while creating millions of good-paying jobs across the nation." One of the global initiatives is "[r]einvigorating U.S. leadership and participation in Mission Innovation to advance clean energy technologies," and includes a research mission on carbon dioxide removal at COP26. Also among the DOE's initiatives are partnering with India to help hasten that country's goal of reducing greenhouse gas emissions through clean energy deployment, joining the United Kingdom and key private and research partners to launch the Global Power System Transformation ("G-PST") Consortium, and establishing a cooperative forum between major oil and gas producers "to develop pragmatic net-zero strategies." In addition to its prior announced plan to cut the price of solar energy technologies by more than half by 2030, the DOE will be announcing new goals to lower the cost of other clean energy technologies, including battery cells for electric vehicles and energy storage, and industrial and atmospheric carbon capture. --- [Dennise R. Smith](#)

● [More Coal Cuts—AEP, Mississippi Power Detail Closures](#)

"The announcement came as AEP announced its first-quarter 2021 earnings, which were \$575 million, compared to \$495 million for the same period in 2020."

Why this is important: The rate of the closing of coal-fired electrical generation continues to accelerate. The move away from CO2 emissions also has resulted in plans to close gas-fired electrical units. American Electric Power has a goal to cut 80 percent of CO2 emissions by 2030 from its 2000 baseline. It just announced it is buying back the Rockport (Indiana) coal-fired electrical generation plant and will use it as a bridge while renewables come online and close the 2.6 GW plant by 2028. AEP's profits are increasing and it plans to continue to close older coal-fired generation plants and replace it with renewables. The large utility has announced it will add 16,600 MW of wind and solar by 2030 and 50 percent of its electrical generation will be from renewables by that date. Further south, Mississippi Power, a Southern Company utility, says its exiting coal-fired generation by 2027 in closing its last coal-fired generation plant that was forecast to operate until 2047. In announcing its first comprehensive long-term energy plan, the utility also announced it will close three gas-fired electrical generation units. Mississippi Power is currently 92 percent gas generation, up from 49 percent 10 years ago, but plans to ramp up renewables in the state. In that same 10-year period, coal-fired generation dropped from 51 percent to 6 percent of baseload. --- [Mark E. Heath](#)

● [Manchin Pumps Brakes on Biden Infrastructure Plans](#)

"Sen. Joe Manchin (D-W.Va.) is emerging as the chief obstacle to quick passage of President Biden's \$2.25 trillion infrastructure package that Democrats want to move through Congress sooner rather than later."

Why this is important: Sen. Joe Manchin has become the crucial vote in the Senate, and the Democratic agenda cannot advance without his approval. He wants to negotiate a smaller infrastructure bill that funds physical projects, like roads and bridges, but other Democrats are impatient to get the full bill through as soon as possible. Senator Manchin has been urging more collegial negotiation for years, under both Democratic and Republican Senate control, so this is not a recent position. For now, his fellow Democrats are willing to let him negotiate with Republicans, but it is unlikely that they will wait for long before trying to run the entire package through the Senate. --- [David L. Yaussy](#)

● [Japan Cancels Its Last Coal Power Plant Project](#)

"Kansai Electric Power Co. and Marubeni Corp. won't move forward with a 1.3 gigawatt coal power project in Akita prefecture that was slated to begin operations in 2024."

Why this is important: Japan has announced its canceling plans for its last new coal-fired electrical generation plant that was scheduled to be built. The 1.3 GW plant, scheduled to be online by 2024, was canceled due to tighter government regulations and banks not wanting to finance it. Another 1.2 GW plant was canceled last month. A few coal-fired plants remain under construction and will be completed, but no new coal-fired electrical generation plants are planned. Japan has pledged to reduce 2013 CO2 levels by 46 percent in 2030 and be carbon neutral by 2050. The country plans to close 100 older and less efficient coal-fired plants by 2030 -- some of which are being replaced by the new plants already under construction. --- [Mark E. Heath](#)

● [Energy Question of the Week](#)

Last Issue's Question and Results

Which is most important to you?

U.S. energy independence - 26.7%
Lower energy prices - 20%
Reduced carbon dioxide emissions - 16%
Access to energy resources - 13.3%
Other - 12%
Do not know - 12%

What is the distance between your residence and your power plant/renewable resource?

Less than 1 mile

Select

1 to 10 miles

Select

11 to 50 miles

Select

Greater than 50 miles

Select

Other

Select

Do not know

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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