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## Issue 14, 2020

### ● [U.S. Banks Prepare to Seize Energy Assets as Shale Boom Goes Bust](#)

*"Major U.S. lenders are preparing to become operators of oil and gas fields across the country for the first time in a generation to avoid losses on loans to energy companies that may go bankrupt, sources aware of the plans told Reuters."*

**Why this is important:** Energy companies are getting crushed by the one-two punch of the coronavirus pandemic and oil supply glut. Loans to the industry are estimated to total more than \$200 billion, but companies cannot stay current on those debts. Rather than sell bankrupt companies for pennies on the dollar in this environment, big banks are maneuvering to retain these assets to recover more of their cash. However, regulatory hurdles will require some restructuring for this approach and may present opportunities for others in the industry. --- [Matthew P. Heiskell](#)

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### ● [As Crude Oil Gets Hit Hard, Big Players Barrel Towards Bankruptcy](#)

*"But perhaps more importantly, the demand for oil and gas is not nearly where it used to be."*

**Why this is important:** Because of the coronavirus pandemic, demand for oil has fallen off of a cliff. Domestic suppliers of energy and petroleum are at significant risk of bankruptcy given the break-even point for domestic suppliers is \$40 per barrel of oil or higher. With a slumping demand, barrel prices are around \$30 and may decrease to \$20. Analysts speculate one of the largest producers at risk of bankruptcy is Chesapeake Energy. The bottom-line message is that investors should steer clear of domestic energy producers as targets of growth or value. --- [Bryan S. Neft](#)

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### ● [EPA Rule Change to Save 4 Coal Plants Across Pennsylvania, West Virginia](#)

*"The U.S. Environmental Protection Agency updated its Mercury and Air Toxics Standards to accommodate four struggling coal plants across Pennsylvania and West Virginia."*

**Why this is important:** On April 9, 2020, the Environmental Protection Agency revised the Mercury and Air Toxics Standards to help protect four waste coal-fired electrical generation plants in West Virginia and Pennsylvania. A new sub-category allows the plants, which burn waste coal, to continue to reclaim

abandoned mine sites in the two states. Pennsylvania still has 5,000 abandoned coal mines to reclaim and as much as an estimated 8 billion tons of waste coal to burn. While the rule was pending, two other waste plants closed in part due to the difficulty they had competing with natural gas and renewables. --- [Mark E. Heath](#)

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## ● [U.S. Power Sector GHGs Projected to Fall 7.5% in 2020 Amid Record Drop in Global Emissions](#)

*"The economic halt caused by COVID-19 is expected to decrease global carbon emissions by 5% in 2020, the largest annual decline ever."*

**Why this is important:** As economic activity drops, so do global greenhouse gas emissions. But this points out a problem for those urging reduced industrial activity as a means of lowering greenhouse gases--the cost to society of implementing a Green New Deal will be greater than the contraction that has occurred temporarily with the pandemic. Legislators may be reluctant to adopt even tougher restrictions on the economy to control global warming. --- [David L. Yaussy](#)

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## ● [Duke Energy Warns NC Regulators: Suspending Demand Charges Could Push Costs Onto Residential Users](#)

*"Duke Energy Corp. says its N.C. utilities could lose almost \$28 million in revenue in three months if regulators suspend minimum demand charges for commercial and industrial customers during the COVID-19 crisis."*

**Why this is important:** The North Carolina Utilities Commission ("NCUC") attempted to address the impact of COVID-19 on all utility customers when it issued an Order on March 19, 2020, suspending utility disconnections for nonpayment, waiving late fees incurred during the state of emergency, and ordering utilities to allow customers with arrearages to make "a reasonable payment arrangement" of no less than six months. This article addresses a petition filed on March 30, 2020, by certain Commercial and Industrial ("C&I") customers requesting the NCUC go a step further and not just defer payment, but waive certain components of their bill. However, the article points out that as argued by Duke Energy, because utilities are entitled, by law, to recover the costs they incur to provide electricity, if the NCUC waives portions of the C&I customers' bills (as opposed to deferring cost recovery), it is possible the utility could seek recovery of these waived amounts from all utility customers, including residential customers. This article highlights the tension of the current situation in attempting to balance the interests of utilities, industrial and manufacturing concerns, and other classes of utility customers. --- [Derrick Price Williamson](#) and [Carrie H. Grundmann](#)

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## ● [Trump's Crude Problem: OPEC Diplomacy Can't Save America's Oil Jobs](#)

*"But a glut of crude in storage tanks, ships and pipelines around the world means plenty of trouble is still ahead for the U.S. oil jobs he's trying to save."*

**Why this is important:** Although President Trump brokered a cease-fire between Saudi Arabia and Russia in their recent oil price war, the United States' domestic energy sector is still quite vulnerable to market conditions. Supplies of crude oil still far outpace the demand given the slump caused by the coronavirus pandemic, and domestic refineries are nearly full of crude yet to be distributed. Recent OPEC cuts may have no short-term effect. Rather, the only means to increasing prices significantly enough for the oil suppliers would be to restrict access to foreign sources. President Trump will have to weigh the cost-benefit of severely restricting supply with the cost of quickly increasing oil prices while trying to jump-start the economy from the coronavirus recession. --- [Bryan S. Neft](#)

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## ● [Consol Reopens One Pennsylvania Mine as It Shuts Another](#)

*"However, Consol also announced that it would idle production at the Enlow Fork mine, owing to the weakness in coal demand and economic slowdown related to the pandemic."*

**Why this is important:** On April 13, 2020, Consol Energy reopened the Bailey Mine in Pennsylvania after being closed for two weeks when miners tested positive for COVID-19. The mine is now using increased sanitization, social distancing, and staggered shifts to reduce employee exposures. While Bailey reopened, Consol closed the Enlow Mine in the same complex. Enlow, which produces 11.5 million tons per year, was closed due to weak coal demand and the COVID-19 economic slowdown. Extremely weak coal demand has idled a number of U.S. coal mines and shows no signs of letting up. U.S. coal production is expected to decrease 22 percent this year to 547 million tons. That is a 61 percent decline since 2009 when the U.S. mined 1.4 billion tons of coal. --- [Mark E. Heath](#)

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## ● [How COVID-19 is Impacting the Ethanol and Corn Producers](#)

*"The steep drop in gasoline demand has had a domino effect, also crushing the nation's ethanol demand, and subsequently corn demand."*

**Why this is important:** The reduction in gasoline demand that has resulted from the COVID-19 pandemic affects oil production, but it also impacts corn demand. Corn that would ordinarily be converted to ethanol for use as a gasoline supplement is now on the market for other uses, depressing the overall price. Some may be converted to alcohol-based hand sanitizer, but until motorists return to the road, corn prices are likely to stay low. --- [David L. Yaussy](#)

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## ● [COVID-19 and the FFCRA and CARES Act - From Spilman's COVID-19 Task Force](#)

Spilman lawyers John Allevato and Kevin Carr provide an update on the loan programs, tax provisions and employee leave provisions of the recent relief statutes.

Click [here](#) to download the pdf.

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## ● [This Too Shall Pass: and Then What? Part 1: Logistics of Returning Employees to the Workplace - From Spilman's COVID-19 Task Force](#)

Though the process will vary from industry to industry, every employer will need a return-to-work plan that accounts for myriad logistical, personnel, legal, and safety issues associated with the post-pandemic return to normal. As you will no doubt appreciate, such a plan cannot be thrown together the day before the resumption of normal operations. Careful planning is necessary to make certain your company resumes operations safely, efficiently, and effectively. This article is the first in a series of pieces that will address the components of an effective return-to-work process. This initial installment outlines many of the logistical considerations facing companies and best practices for dealing with those logistical matters.

Click [here](#) to read more.

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## [Governmental Closures & Seizures Without Compensation?](#)



## Condemnation or Reverse Condemnation? What Can You Do? - From Spilman's COVID-19 Task Force

In the face of governmental orders shutting down businesses, redirecting business efforts and assets, and even seizing business property to redistribute to others, we are seeing more and more questions about the limits of governmental authority and the remedies for affected people and businesses. Lawsuits already are being filed, and the courts undoubtedly will have to provide the answers.

Click [here](#) to read more.

### ● Energy Question of the Week

We want to hear from you!

It's important to us that our clients and friends let us know what they are thinking. That's why we have introduced this survey feature.

Please take a moment to answer and results will be published in the next issue.

If you have a question you would like featured, [let us know!](#)

#### Issue 13 Question and Results

*Should the next COVID-19 relief bill include funding for energy infrastructure?*

- Yes - 34.5%
- No - 37.9%
- Indifferent - 6.9%
- Undecided/Do not know - 13.8%
- Other - 6.9%

When should the COVID-19 stay-at-home directives be lifted?

**Now**

Select

**1-2 weeks**

Select

**2-4 weeks**

Select

**1-2 months**

Select

**Once doctors say it is safe**

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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**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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