



Issue 43, 2019

● [Russian, Colombian Competition Continuing to Slow U.S. Thermal Coal Exports](#)

"Central Appalachian and Northern Appalachian exports remain out of the money for shipment to Europe and Illinois Basin coal has significant price competition from Russian and Colombian coals, driving the drop in US exports," according to Platts Analytics."

Why this is important: Thermal coal exports from the U.S. are down 10 million tons for the first nine months of 2019. Experts believe Russian and Colombian exports are pricing the U.S. out of the market. Currently, Northern and Central Appalachian thermal coal is not competitive, and Illinois Basin coal has significant price competition. In 2018, the U.S. exported 49 million tons of thermal coal. The 2019 total will likely end up at 39 million tons. In 2020, U.S. exports will likely total 31 million tons. These numbers certainly will add more stress to beleaguered U.S. thermal coal producers along with more mine closures. --- [Mark E. Heath](#)

● [OPEC+ Gambles that U.S. Shale's Golden Age is Over](#)

"Across the industry, oil traders and executives believe U.S. production will grow less in 2020 than this year, and at a significantly slower rate than in 2018."

Why this is important: Saudi Arabia and other OPEC nations are gambling that United States oil production from shale fracturing will contract in 2020. Nonetheless, there is little that OPEC seemingly can do to restrict worldwide output. Although growth in U.S. output will continue, it is expected to be at a slower rate than in 2019. Moreover, other oil producing countries including Brazil and Norway have increased production. Oil is also under pressure from other energy sources such as natural gas. Thus, it is anything but clear that investors will get significant returns on oil investments. --- [Bryan S. Neft](#)

● [Too Much Wind and Solar Raises Power System Costs. Deep Decarbonization Requires Nuclear](#)

"A new study from a team of researchers at MIT (including myself) examines these trends and explains why this creates an important role for both existing and new nuclear power plants in an affordable decarbonized energy system."

Why this is important: The author examines how the addition of too much solar and wind power – more than 40 percent of the generation mix – to our energy production portfolio can actually lead to unnecessary costs on the system. In particular, issues can arise in prime production weather for wind and solar because the electricity may not be in demand at that time. Similarly, to the extent such renewables cannot produce at certain times, that imposes additional costs for back-up or replacement power. The author suggests if carbon reduction is to be a viable goal, then there is a role for nuclear

power, but it may come at a higher cost because we are “out of practice” in building new nuclear plants. In the end, if “decarbonization” becomes the accepted policy, then the related costs for more renewable power and/or new nuclear facilities would be borne by electric consumers. --- [Derrick Price Williamson](#)

● [China’s Climate Paradox: A Leader in Coal and Clean Energy](#)

“But as China’s economy slows to the lowest level in a quarter century — around 6% growth, according to government statistics — policymakers are doubling down on support for coal and other heavy industries, the traditional backbones of China’s energy system and economy.”

Why this is important: China is now the leader in both coal-fired electrical generation plants and in use of renewables. But, it still burns half of the coal used in the world. Now an economic slowdown has resulted in China returning its focus to coal and heavy industries and reducing renewable subsidies. It now has 148 new coal-fired electrical generation plants under construction or being planned. That means China’s CO2 emissions, already at 30 percent of the world’s total emissions, will only increase. --- [Mark E. Heath](#)

● [Oil Rises Slightly in Choppy Trade Ahead of OPEC Meeting](#)

“Expectations of output cuts from OPEC and allied producers brought prices back up after they slid briefly following comments from U.S. President Donald Trump that a trade deal with China may be delayed.”

Why this is important: Concerns about the global economy and the lack of progress on trade talks between the United States and China are suppressing oil prices. In addition, despite a push by Saudi Arabia for OPEC to cut oil supply in order to create demand for Saudi Aramco’s initial public offering, OPEC members are unlikely to agree to additional cuts. The significance of these events is that prices for oil are unlikely to increase in the near future given the current economic climate. --- [Bryan S. Neft](#)

● [Morrisey Leads Coalition Working to Protect Oil, Natural Gas Jobs](#)

“West Virginia Attorney General Patrick Morrisey is leading a 10-state coalition in filing comments on a move by the U.S. Environmental Protection Agency to replace what he calls a job-killing oil and natural gas rule.”

Why this is important: The 2016 Obama-era EPA regulation of methane from production, transmission and storage sources in the oil and natural gas industry were “erroneous” – according to the Trump administration’s proposed rulemaking. By regulating methane, the 2016 regulations potentially subjected hundreds of thousands of existing sources across the country to additional regulation – likely making many existing sources uneconomical to operate. Industry has argued the 2016 regulations lacked sufficient legal and technical basis. The current proposal aims to correct those errors. --- [James D. Elliott](#)

● [Dutch Lawmakers Under Pressure Over Coal Phase-Out](#)

“Plans to phase out the use of coal in The Netherlands may be in jeopardy as a result of threatened legal action by the coal plants that would be affected.”

Why this is important: Plans to eliminate coal-fired electrical generation plants in Europe continue to

run into difficulty. The Netherlands has voted to eliminate coal-fired electrical generation plants. However, two new plants just opened in recent years at a cost of 2.8 and 1.6 billion euros. Now, lawmakers are concerned taxpayers may have to compensate the utilities for their closures and others. Lawmakers must decide whether to continue to let them operate rather than pay for their closings. --- [Mark E. Heath](#)

● 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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