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Issue 23, 2020

● [Supreme Court Lifts Key Obstacle to Atlantic Coast Pipeline, but More Challenges Remain](#)

"The U.S. Supreme Court has reversed a lower court ruling that held up construction on the Atlantic Coast Pipeline, which would cross hundreds of miles of West Virginia mountains to transport natural gas to East Coast markets."

Why this is important: While *U.S. Forest Service v. Cowpasture River Preservation Association, et al.* is a much needed win for the oil and gas industry, the case also highlights environmental groups' long-game strategy of challenging every aspect of gas infrastructure permit approvals. The Atlantic Coast Pipeline still requires key Endangered Species Act permits, and the elimination of Nationwide Permit 12 means the project must seek an individual Clean Water Act permit for dredge-and-fill activities — processes that can take months to complete, multiplied by the inevitable legal challenges every step of the way. In this game of chess, consistent permit challenges are proving to be a powerful tool in environmental groups' arsenal, and industry leaders must adapt and prepare for long-term project delays. --- [Joseph C. Unger](#)

● [The COVID-19 Economic Slump is Closing Down Coal Plants](#)

"Aggarwal says that as coal stumbles, there is now competition between new gas plants and renewables."

Why this is important: The COVID-19 outbreak and resulting economic slowdown continue to reduce coal-fired electric generation. Outside D.C., the 60-year-old Dickerson plant is closing its three-unit facility – one of 13 coal-fired generating plants that will close in 2020. Currently, coal-fired plants are the highest priced dispatch plants due to cheap natural gas and renewables. The amount of coal burned in 2020 for electric generation is down 40 percent from 2019. The price of installing renewables has dropped considerably recently – wind is down 40 percent and solar costs 80 percent less. In Minnesota, Great Rivers Energy is replacing a coal-fired generation plant with wind turbines and a 1 MW battery. The battery can power 700 homes for 150 hours. A traditional lithium ion battery would last only four hours. These events continue to hurt steam coal sales throughout the U.S., which has led to mine closings and idlings. --- [Mark E. Heath](#)

● [EU Set to Slightly Surpass 2030 Renewable Energy Goal, but Funding Boost Needed](#)

"EU countries' latest energy policy plans would see the bloc reach a 33% share of renewable energy by 2030, surpassing its target by one percentage point, EU energy chief Kadri Simson told an online news conference."

Why this is important: However, Simson warns the decline in clean power investment due to COVID-19 jeopardizes meeting that goal and will require public support for government-funded projects. According to Simson, the EU's coronavirus fund will be used to invest tens of billions of euros into clean energy projects to ensure the bloc stays on track with its green energy goals. While renewable power additions are expected to rebound next year, continued support from governments is still necessary. "Countries may have to revise their policy plans further as the Commission is considering setting tougher renewable energy targets next year, as it strives to reduce net EU greenhouse gas emissions to zero by 2050." --- [Dennise R. Smith](#)

● [U.S. Weighs End to Foreign Nuclear Power Finance Ban, Potentially Boosting Advanced Reactors](#)

"If enacted, the new policy could help keep the U.S. on track to commercialize advanced nuclear technologies by 2030, according to center-left think tank Third Way."

Why this is important: An American international development fund is seeking comment on a proposal to lift prohibitions against financing nuclear projects. The financing would be particularly beneficial for advanced reactors, which are presently being financed by Russia and China. Nuclear energy is a zero-carbon baseload supply of energy that fills in the gaps for intermittent renewables like solar and wind. --- [David L. Yaussy](#)

● [U.S. Coal Consumption Continues to Decline Across All Sectors](#)

"U.S. coal consumption has been declining since its peak in 2007 of 1.1 billion short tons."

Why this is important: Domestic coal production continues to decline in all sectors. In 2007, the U.S. produced 1.1 billion tons. Last year, U.S. production fell to 590 million tons, a drop of 510 million tons in 12 years. During this same time, industrial coal use dropped from 98 million tons in 2010 to 48 million tons in 2019. Met coal declined dramatically from 2010 to 2012, with coke coal dropping from 29 million tons in 2000 to 18 million tons in 2019. These declines along with the COVID-19 economic slowdown continue to play havoc with U.S. coal markets and the economic health of U.S. coal companies. --- [Mark E. Heath](#)

● [The Energy Sector Will Never be the Same Again](#)

"In its annual report *World Energy Investment 2020*, published late last month, the International Energy Agency describes 'drastically altered' energy markets in the wake of the Covid-19 Pandemic."

Why this is important: The IEA report predicts a historic shift in the energy sector, increasing consumer spending on electricity versus oil, and a record 20 percent decline in investments caused by the pandemic and severe declines in energy sector revenues. This dramatic fall in investment for all energy sectors, "leaves a troubling legacy for the future, for conventional and for 'clean' energy." The most severe investment losses are expected to occur in the oil and gas sector. This is already leading all major and domestic oil companies to cut their planned spending. Coal production is expected to fall by 25 percent with the predicted impact to be relatively less severe due to approval of new coal-fired power plants in China. IEA opines electricity will be the least affected by this shrinking investment trend, noting that investment rose 2 percent at the beginning of the year for capital and capacity expansion. Overall, the IEA predicts a 10 percent decline in capital and capacity expansion, including investment in electricity networks, renewable power, and battery storage. The IEA reminds us, however, that previous energy sector crises, such as the 2008-2009 recession, ultimately resulted in a robust rebound of fossil fuels - along with their associated carbon emissions. --- [Dennise R. Smith](#)

● [Minnesota Power to Reach 50% Renewables in 2021 with Canadian Hydropower](#)

"The line connects to Manitoba Hydro's recently completed Manitoba-Minnesota Transmission Project at the U.S./Canadian border and enables a 'mechanism that quickly balances energy supply and demand in Minnesota and Manitoba' allowing more effective wind power use."

Why this is important: Renewables, such as solar and wind, provide intermittent electricity, and need to be balanced by a steady, baseload supply of power that can be ramped up and down. Hydropower helps achieve that balance and has the benefit of being considered renewable in some portfolios. Minnesota Power also is considering building a large natural gas power plant to help balance the wind energy in its portfolio. --- [David L. Yaussy](#)

● [China Likely to Ease Coal Mine Closures to Meet Surging Demand](#)

"But the lack of a hard target now would underscore the continuing dependence on coal in China, which mines and burns half the world's supply."

Why this is important: From 2011 to 2019, China's amount of coal-fired electrical generation declined from 70 to 57.7 percent. That may be changing as experts expect China to increase domestic production for even marginal coal mines to meet its growing energy needs. China produced 4.1 billion tons of coal last year and it's expected to increase to a projected 5 billion tons for 2025, an 11 percent increase. Since 2016, China had been closing coal mines to meet its energy needs, but will now likely use their abundant coal reserves to meet its growing energy needs. These changes also will increase China's greenhouse gases, which had been declining. --- [Mark E. Heath](#)

● [Energy Question of the Week](#)

Last Week's Question and Results

Do you support small modular reactors as a viable alternative to large scale nuclear plants?

Strongly Support - 28%
Mildly Support - 28%
Neutral - 20%
Mildly Oppose - 8%
Strongly Oppose - 8%
Other - 8%

Where should infrastructure spending be focused?

Roads and Bridges

Select

Electricity Generation

Select

Electricity Transmission

Select

Telecommunications/Broadband

Select

Railway/Air Travel

Select

Other

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