



Issue 19, 2019

## ● [PA Supreme Court Upholds Decision Allowing Drilling in All Districts Under a Local Zoning Ordinance as Long as They Meet Standards](#)

*"This case is one of several recent decisions in Commonwealth Court and the PA Supreme Court involving challenges to local zoning ordinances regulating drilling based at least in part on the state's Environmental Rights Amendment."*

**Why this is important:** The Pennsylvania Supreme Court denied an appeal of a Commonwealth Court decision that upheld a municipal ordinance allowing oil and gas well drilling outside of industrial zoning districts. In short, Allegheny Township approved a permit for CNX Gas to drill an unconventional well on Westmoreland County farmland zoned for agricultural/residential use. The lawsuit involved the interplay between local zoning authority, the Commonwealth's Oil and Gas Act, and the Environmental Rights Amendment to the Pennsylvania Constitution. In denying the appeal and upholding the Commonwealth Court's decision, the courts acknowledged the Environmental Rights Amendment cannot be used as a blunt force instrument to destroy carefully crafted environmental legislation and local municipal ordinances. --- [Matthew P. Heiskell](#)

## ● [Third-Largest U.S. Coal Company Files for Bankruptcy](#)

*"Gillette, Wyoming-based Cloud Peak Energy filed for Chapter 11 reorganization in U.S. Bankruptcy Court in Delaware."*

**Why this is important:** The U.S.'s third largest coal company, Cloud Peak Energy, has filed for Chapter 11 reorganization. The Powder River producer has faced pressure from natural gas and renewable energy production. Cloud Peak mined 50 million tons in 2018 and had a \$1.8 million payment due in the coming weeks. It is the fourth major Powder River company to file for bankruptcy protection. The Powder River Basin continues to experience market pressures that have cut production 25 percent in recent years. --- [Mark E. Heath](#)

## ● [Initial U.S. Military Assessment Points to Iran in Sabotage of Oil Tankers](#)

*"A U.S. military assessment of explosions that damaged four oil tankers off the coast of the United Arab Emirates were bound for the U.S. reportedly points to Iranian sabotage."*

**Why this is important:** One military assessment points the finger at Iran for the recent explosions of four oil tankers reported to be shipping oil bound for the United States. Although the Iranian threat can be a moving target, should hostilities increase, the cost of oil is bound to go up. --- [Bryan S. Neft](#)

## ● [Consol's New Itmann Mine First Since a 2017 Restructuring](#)

*"Consol Energy says the market for met coal is right to move forward on development of a new mine in southern West Virginia."*

**Why this is important:** Consol Energy has announced plans for a new metallurgical coal mine in Itmann, West Virginia. The new Wyoming County mine will hire 100 to 150 miners when it begins production in 2021. This is the first new mine from Consol Energy since it was spun off from CNX and adds a mine to Wyoming County that has suffered significant mine closings. --- [Mark E. Heath](#)

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## ● [New Coalition Announces Effort to Spur Electricity Competition in Virginia](#)

*"A newly formed coalition of libertarian and liberal groups is angling to end Dominion Energy and Appalachian Power's monopoly on the retail electricity market throughout Virginia."*

**Why this is important:** Although customer choice for the purchase of electric service has had mixed results in some jurisdictions, the general consensus has been that for the largest users of electricity that are willing to assume the risks attendant to participation in a competitive market, it has been beneficial in the long run. It also is viewed as providing favorable incentives for the development of renewable power sources. The coalition described in the article reflects this sentiment. Virginia's regulatory landscape is such that although it dabbled with customer choice initially, it is for the most part still a regulated state, with a few exceptions. As the article also reflects, monopoly utilities such as American Electric Power and Dominion are generally opposed to "deregulation" that would undermine their ability to earn a healthy authorized rate of return from captive ratepayers for the benefit of utility shareholders. This debate will undoubtedly continue in Virginia and other regulated states, such as West Virginia, where despite ample energy resources and net exports of power, electric ratepayers have no meaningful power alternatives or customer choice. --- [Derrick Price Williamson](#)

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## ● [U.S. Shale: World's 2nd Cheapest Source of Supply in Oil](#)

*"The U.S. shale oil was the world's second most expensive oil resource just four years ago, the energy research and business intelligence company pointed out."*

**Why this is important:** A leading independent energy research agency has dubbed the United States Shale "tight oil" as the second cheapest source of new oil volumes globally just behind the Middle East. The report noted the cost to produce tight oil has decreased significantly from \$68 per barrel just four years ago to \$46 per barrel today, and its cost to develop can be recouped much faster than offshore sources. This supply should cement the United States' oil independence as well its competitiveness in the global oil market. --- [Bryan S. Neft](#)

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## ● [Australia's Pembroke Wins Government Approval for \\$700 Million Coking Coal Mine](#)

*"Construction is due to start next year, with the company looking to begin negotiating contracts soon for supplies of coal from the mine, Chief Executive Barry Tudor told Reuters."*

**Why this is important:** Australian coal company Pembroke has announced plans for a new metallurgical coal mine to meet growing demand for steel in Asia and China. The \$700 million project will produce 15 million tons per year. The mine will create 500 construction jobs and employ 1,000 miners in full production. The metallurgical market continues to drive the world's coal markets. --- [Mark E. Heath](#)

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## ● [FERC Critics Gear Up for Round 2 in Pipeline Court Battle](#)

*"A panel of judges for the U.S. Court of Appeals for the District of Columbia Circuit issued a two-page order finding that the New York nonprofit Otsego 2000 lacked standing to file its lawsuit against the Federal Energy Regulatory Commission."*

**Why this is important:** The nonprofit Otsego 2000 previously sued FERC to challenge its approval of Dominion Transmission's New Market Pipeline Project because FERC did not consider data about potential greenhouse gas emissions. But, the U.S. Court of Appeals for the District of Columbia found Otsego lacked standing to challenge FERC's decision. This order probably delays the consideration of this controversial issue by the Court of Appeals until a future appeal of FERC decisions. A future court decision to force FERC to include upstream and downstream emissions in its approval process would significantly increase the time and expense of the approval process for much needed pipeline projects. --- [William M. Herlihy](#)

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## ● [Met Coal Price Spreads Tighten Between FOB Australia and China as Demand Rises](#)

*"The rise in met coal prices in Asia-Pacific markets is also tightening relative price variations between FOB Australia and coking coal markets in China."*

**Why this is important:** Metallurgical coal prices are rising on China restocking inventories. China's steel demand has resulted in rising prices for metallurgical coal imports. This remains important for U.S. producers as the strong metallurgical export market has softened declines in steam coal markets in the U.S. --- [Mark E. Heath](#)

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## ● [WV Lacks Solar Power Incentives](#)

*"Del. Evan Hansen, D-Monongalia, said current state policies mean West Virginia is being left behind while neighboring states are reaping the benefits of renewable energy development."*

**Why this is important:** Delegate Evan Hansen has a plan to encourage development of solar energy in West Virginia. He is trying to eliminate the impediments to development of solar arrays, by preventing regulation by the state Public Service Commission and compelling utilities to feed solar power into the grid, to be purchased by consumers who support solar power, even if it is more expensive. Allowing market forces to work, rather than lining up for subsidies, is a good approach to bringing renewables into the mainstream. --- [David L. Yaussy](#)

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## ● [EIA Energy Statistics](#)

*Here is a round-up of the latest statistics concerning the energy industry.*

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