



Issue 5, 2019

[Alexandria Ocasio-Cortez's Green New Deal Would Reshape the Economy in 10 Years. That Could Shock the Energy Sector.](#)

"The concern is that Ocasio-Cortez's plan to achieve climate goals in just 10 years will not only tee up defeat but unleash disruptions and unintended consequences that reverberate from U.S. power markets to Central African mines."

Why this is important: Effective policy making involves more than just proposing innovative programs. It requires the programs are justified scientifically and are an efficient use of taxpayer funds. As proposed, the "Green New Deal" does not satisfy either of these two requirements. A "zero carbon economy" is simply not possible given this country's energy and transportation needs. It also must be noted the federal budget deficit will be \$985 billion for 2019. Many critics of the plan believe the proposed tax on the wealthiest Americans will not cover the cost of the program and the additional costs will have to be covered by the government. The critique is that enacting a policy that will require every single residential and commercial building in the country to be modified for energy efficiency, upgrading hundreds of thousands of miles of transmission and distribution lines, and transitioning away from abundant sources of cheap energy is not a fiscally sound policy. --- [Nicholas S. Preservati](#)

[U.S. Natural Gas Use Hits Record During Freeze](#)

"As consumers cranked up heaters to escape the bitter cold, gas demand in the lower 48 U.S. states jumped to a preliminary record high of 145.1 billion cubic feet per day (bcfd), according to financial data provider Refinitiv."

Why this is important: Despite record consumption of natural gas for residential heating during the recent Polar Vortex, industrial consumers in the Midwest were encouraged to decrease energy consumption to avoid disruptions in the regional grid. Extreme cold not only interrupts supplies of solar and wind generation, it also can decrease the delivery of natural gas due to freeze-offs. This weather event demonstrates the necessity to generate electric energy through a blend of renewables and fossil fuels in order to maintain the reliability of our power grids. --- [William M. Herlihy](#)

[The Trade Numerologist: Coal Came Back from the Dead in 2018](#)

"Even as U.S. and European miners endure bankruptcies, and regulations to cap carbon emissions, the black rock is gaining business in parts of Asia and Africa."

Why this is important: While coal usage in the U.S. has declined, the world market for coal remains strong and continues to strengthen U.S. coal company bottom lines. In the first 10 months of 2018, 40 percent of the world's electricity was generated by burning coal. That is the same level as the late 1990s. Fueled by increased consumption in Asia and Africa, worldwide, 1.2 billion tons of coal were exported in the first 10 months of last year. Three quarters of that total was steam coal and one quarter metallurgical coal used in steel making. The world's leading exporter is still Australia, at \$42.2 billion, followed by Indonesia \$17.2 billion, Russia at \$13.7 billion and the U.S. at \$10.1 billion (all Australian dollars). The world's top importers are Japan at \$20.7 billion, India at \$20.4 billion, China at \$17.6 billion, and South Korea at \$13.8 billion (all Australian dollars). --- [Mark E. Heath](#)

● [Charting the Decline of Venezuela's Oil Industry](#)

"The question was whether the country's oil production is falling as a result of sanctions or mismanagement."

Why this is important: Venezuela has the largest proved petroleum reserves in the world, but stands in stark contrast to other oil-rich countries like Norway that have successfully managed their hydrocarbon wealth. Its petroleum industry is in dire straits, due to the firings of experienced workers by Hugo Chavez, and their replacement with party loyalists, and the spending of oil income on social programs instead of re-investing capital in oil field development. This lack of investment, and the dearth of experienced oil workers, are especially costly in working with the heavy Orinoco crudes Venezuela produces. It may be difficult for Venezuela to ramp up production quickly once the political turmoil in the country is resolved, an awful prospect for a country that has already suffered greatly. --- [David L. Yaussy](#)

● [Green New Deal Won't Call for End to Fossil Fuels](#)

"The first effort by congressional climate advocates to define their 'Green New Deal' will omit one of the most ambitious goals its supporters have demanded, sources told POLITICO: a firm date for ending oil, gas and coal development in the U.S."

Why this is important: The claim the U.S. must abandon fossil fuels in order to solve the climate change issue is a false dilemma. Such dilemma-based arguments attempt to limit the options to two when there are in fact more options to choose from. There are options other than "do nothing" or "ban fossil fuels." Some supporters of the Green New Deal acknowledge the "door is open" to technologies that eliminate carbon pollution from fossil fuel use. Even one of the most vehement climate change activists, Dr. Michael Mann, supports the pursuit of clean coal technology. If the true goal of the Green New Deal is to limit climate change, then technology that allows for the use of fossil fuels without carbon emissions should be a primary consideration. --- [Nicholas S. Preservati](#)

● [Longview Power Aims to have Gas, Solar Power in 2022](#)

"To take advantage of abundant natural gas and to diversify its power sources, one of the world's most sophisticated coal power plants will be adding natural gas and solar energy production capabilities."

Why this is important: The plans to diversify the sources of energy production at PMJ's Longview coal-fired plant shows the lower cost and environmental effectiveness of combined generation sources. Using a combination of renewables with coal and natural gas energy sources has the potential to lower energy costs, while increasing the cleanliness and reliability of power stations. This progressive approach to the generation of electricity increases efficiency, while minimizing environmental impacts. --- [William M. Herlihy](#)

● [Saudi's Solar Dreams: Why the Kingdom Can't Have It All](#)

"But at the same time as wanting to create a solar supply chain and the jobs that go with it, Saudi Arabia is also going to look to continue procuring solar at the best possible prices."

Why this is important: Sun-drenched Saudi Arabia has a smart plan to make electricity using solar panels, which are getting cheaper by the day. Where the Saudis are floundering is their desire to do this in a way that develops a home-grown solar manufacturing industry. They can either buy the panels where they are cheapest, which won't be at home, or they can lose time and money nurturing sufficient domestic capacity to supply their solar arrays. This is a problem in every country that wants to get on the solar manufacturing bandwagon. There is such worldwide overcapacity of solar panels that developing a profitable solar manufacturing business is difficult. The choice may be to buy panels where they are cheapest, or overpay in the hope of subsidizing a new industry that may not be able to compete outside the country. --- [David L. Yaussy](#)

● [Chinese Import Restrictions Extend to Australian Thermal Coal](#)

"Chinese restrictions on imports of Australian coking coal have now been extended to thermal coal as well, stoking fears the curbs

may spread to more discharge ports across the country, sources said."

Why this is important: China continues to struggle with its efforts to reduce coal consumption. It is now putting restrictions on the import of Australian coal by delaying the unloading of ships. Numerous Australian ships awaiting unloading at Chinese ports have been told they will not be unloaded for some time. These delays could eventually put more coal back in the world export market, but that has not occurred yet. --- [Mark E. Heath](#)

● [Utica Shale Gas Well in Washington Township Contained](#)

"CNX Resources contained a Utica shale gas well that experienced a significant drop in pressure last week, the company said."

Why this is important: CNX's plan to drill Utica wells on pads that have existing Marcellus wells in Washington Township, Pennsylvania, likely has hit an obstacle. On January 26, 2019, while completing the Shaw 1G Utica well in Washington Township, CNX experienced a significant drop in pressure in the well. The Shaw 1G well may have communicated with nearby conventional wells, and as a precaution, CNX began flaring those nearby wells and killed the Shaw 1G well. There have been no reports of any impact to the Beaver Run Reservoir, under which the Shaw well ran, or any private water wells in the area. Though the Shaw pad did not have any Marcellus wells, it has three other Utica wells, on which operations have been suspended. While CNX recently planned to drill Utica wells on a different pad, the Mamont South 1 Pad (which already has five Marcellus wells), this recent event likely will affect CNX's plan for more Utica wells in the area. --- [Matthew P. Heiskell](#)

● [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.

If you would like to subscribe to this weekly e-blast or know someone who would, please [email us](#) with contact information and CURRENTS in the subject line. We will add you or your acquaintance to the email list.

If you have any energy questions, please feel free to [contact us](#).

This is an attorney advertisement. Your receipt and/ or use of this material does not constitute or create an attorney-client relationship between you and Spilman Thomas & Battle, PLLC or any attorney associated with the firm. This e-mail publication is distributed with the understanding that the author, publisher and distributor are not rendering legal or other professional advice on specific facts or matters and, accordingly, assume no liability whatsoever in connection with its use.

Responsible Attorney: Michael J. Basile, 800-967-8251