

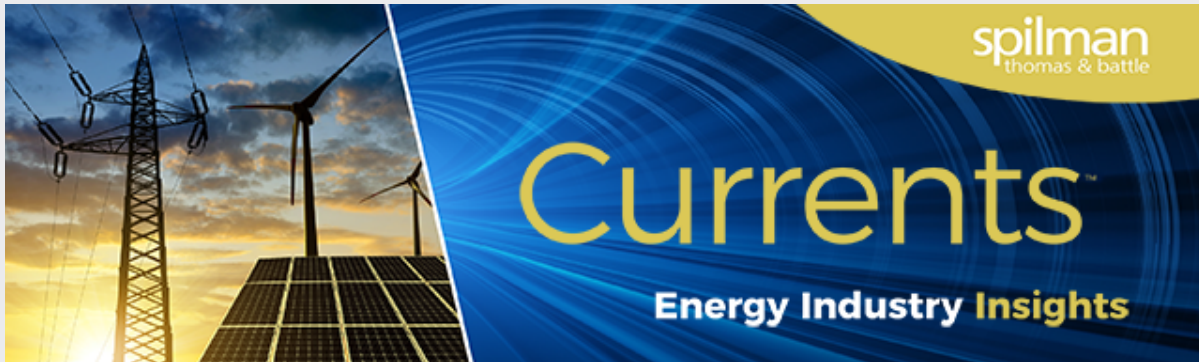
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Volume 6, Issue 6

● Welcome

Welcome to the sixth issue of *Currents* for 2022.

We are pleased to sponsor the Energy & Mineral Law Foundation's 43rd Annual Institute June 12-14 in Amelia Island, Florida. The conference comprises of three days of networking events and continuing legal education on topical issues such as an energy market update, labor and employment, ethics and carbon capture.

On June 13 at the conference, our own [Eric Kinder](#) will be presenting "Hiring and Keeping Employees in the Post-Covid Economy." If you plan on attending, please take a moment to introduce yourself to Eric.

You can learn more about the conference by clicking [here](#).

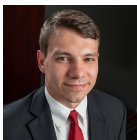
As always, thank you for reading.



[Nicholas S. Preservati](#)

Co-Editor, *Currents*

Co-Chair, **Energy Practice Group**



[Joseph C. Unger](#)

Co-Editor, *Currents*

● [Ukraine Demands Germany Cut or Halt Nord Stream 1 Gas Flows](#)

"Ukraine is willing and able to provide an alternate transport route to the pipeline, which runs under the Baltic, he said."

Why this is important: The Nord Stream 1 twin pipeline system through the Baltic Sea runs from Vyborg, Russia to Lubmin, Germany. The two 1,224-kilometre offshore pipelines are the most direct connection between the vast gas reserves in Russia and energy markets in the European Union. Combined, the twin pipelines have the capacity to transport a combined total of 55 billion cubic metres of gas a year to the EU. Nord Stream 2 would have doubled that capacity, but Germany revoked a key certification after Russia's invasion of Ukraine earlier this year.

Ukraine is now trying to convince Western allies to shift Russia's shipments of natural gas from the Nord Stream 1 pipeline to Ukraine's pipeline to increase Ukraine's leverage in the conflict. The shift would likely result in Russia paying more transit fees to Ukraine and deter Russia from damaging Ukraine's pipeline infrastructure. Although Ukraine's pipeline system could easily absorb the Nord Stream 1 flow, the shift does not do much to increase security of Europe's gas supply. With soaring energy prices in the EU, a shift is unlikely unless Ukraine can bring more to the table. --- [Joseph C. Unger](#)

● [WV Gets More Federal Funding for Abandoned Mine Clean Up](#)

"West Virginia will receive an additional \$27 million in federal funding for abandoned coal mine clean up."

Why this is important: West Virginia has received an additional \$27 million to reclaim abandoned mine lands. This new award is in addition to the \$141 million given to the state in the Infrastructure Bill passed by Congress last year. West Virginia has a significant abandoned mine land problem. Most of the AMLs were created before federal mining laws that required mine operators to clean up and reclaim mine sites after mining is completed. Today, AML funds are used in West Virginia to clean up water problems and reclaim physical mine sites. The state is also looking to use laid off coal miners in some of the reclamation projects. --- [Mark E. Heath](#)

● [Exxon, Chevron Shareholders Approve Climate Proposals](#)

"Shareholders at Exxon Mobil Corp., the biggest U.S. oil company, voted 52 to 48 percent in favor of a proposal to examine the company's long-term assumptions about prices and other business criteria, in light of the need to cut climate-warming emissions."

Why this is important: The article conveys that after success in obtaining a court order requiring Shell to cut its emissions this past year, climate activists achieved additional "victories" with successful shareholder proposals at both Exxon Mobil's and Chevron's annual meetings. Shareholders at Exxon approved a proposal requiring the company to examine its long-term assumptions about prices and other business criteria, in light of the need to cut climate warming emissions. Chevron's shareholders almost unanimously approved a resolution requiring that the company report on the reliability of the company's measurement of methane, a key heat-trapping gas. While the activist shareholders failed in their attempt to require Exxon and Chevron to cut their emissions, they will likely continue to pressure publicly-traded oil and gas companies to address emission reduction goals with related energy cost implications. --- [Steven Wing-Kern Lee](#)

● [PJM Sees Need for Thermal Power Plants to Protect Against Blackout Risks Amid Rising Electrification](#)

"The analysis shows an increasing need for resources that can quickly provide power as wind and solar taper during the afternoon while electricity use climbs."

Why this is important: As the grid adds evermore renewable resources, often encouraged by state clean energy goals, it will shift the system peak -- the periods of highest energy usage -- from summer to winter. Utilities and regional grid operators need to be mindful of how to balance the addition of new renewable resources, many of which operate at lower levels in the winter, with the need for reliable service. According to the article, the present solution is likely some level of continued reliance on natural gas and coal, but may include battery storage in the future as this technology matures. --- [Carrie H. Grundmann](#)

● [Climate-Related Disclosure Annually Costs Companies \\$677,000 on Average](#)

"The study's quantitative estimates of investor status quo costs illuminate the disclosure reality on which SEC rules are being built."

Why this is important: The SEC is pushing ahead with a rule requiring climate-related disclosures to the investing public. Among other things, some companies would be required to report "Scope 3" emissions, or the emissions of their suppliers, vendors and other third parties in their value chains. The accuracy of such estimates, and the value of providing them, is questionable. --- [David L. Yaussy](#)

● [Energy Secretary Explains Why Feds are Spending \\$2.5 Billion on Carbon Capture](#)

"Energy Secretary Jennifer Granholm believes that broad investments in technology are the best way to address carbon emissions, and carbon capture is one such technology."

Why this is important: The federal government is beginning to spend \$2.5 billion on funds allocated in the Infrastructure Bill to help spur carbon capture. U.S. Energy Secretary Jennifer Granholm believes the spending will help develop new and more cost effective ways to remove CO2 from smokestacks and sequester it underground. Critics would rather the money be spent on more clean energy such as wind and solar, but Secretary Granholm believes the U.S. will need both. She believes energy intensive industries like steel and cement that still use carbon fuels will need effective CO2 capture for a carbon neutral economy in the future. To date, cost effective CO2 capture has proven elusive. --- [Mark E. Heath](#)

● [Cybersecurity Threat Extends to Utility Credit Ratings](#)

"The ratings agency said public utilities would likely be allowed to recover the costs of a cyberattack through rates, but several other factors could impact credit ratings and 'physical asset damage and/or human harm could have financial implications.'"

Why this is important: As utilities incorporate technology into their business practices, they may be increasing their risk for a cyberattack. Although the utility may be able to recover some of the costs of such an attack, they may be subject to fines and penalties if they violate the standards of the North

American Electric Reliability Corporation Critical Infrastructure Protection. The utility's failure to comply with the applicable security standards could negatively impact its credit rating. All businesses, including utilities must thoroughly review their security measures and address any deficiencies. Taking proactive measures such as retaining an independent examiner to conduct a compliance review before a cyberattack strikes is a wise investment that will help mitigate any future exposure. --- [Anmarie Kaiser Robey](#)

● [Russia Dominates Nuclear Power Supply Chains — and the West Needs to Prepare Now to be Independent in the Future](#)

"Russia owned 40% of the total uranium conversion infrastructure in the world in 2020, and 46% of the total uranium enrichment capacity in the world in 2018, according to the report."

Why this is important: The article reports that Russia's invasion of Ukraine has caused massive ripple effects throughout the world's energy markets. While oil and natural gas have been at the forefront of conversations by western nations seeking to decrease reliance on Russian energy, the nuclear energy space is an area that also requires discussion. According to the article, in 2021, 80 of the 439 nuclear reactors around the world were either in Russia or made with Russian nuclear reactor technology. In addition to nuclear technology, there is also the issue of fuel for nuclear reactors: enriched uranium. While Russia only mines approximately 6 percent of the raw uranium produced annually, Russia owned 40 percent of the total uranium conversion infrastructure in the world in 2020. As such, any focus on developing nuclear energy resources without reliance on Russia would require countries to not only seek alternatives to Russian nuclear technology, but also develop alternative uranium conversion resources. The upshot is that energy independence is complicated as a result of Russia's outsized role in the nuclear power arena. --- [Steven Wing-Kern Lee](#)

● [MISO Industrial Customers Petition FERC to Avoid Sky-High Capacity Charges if They Cut Electricity Use](#)

"With the Midcontinent Independent System Operator facing an elevated risk of blackouts this summer, customers should be able to avoid capacity charges when they cut back their operations."

Why this is important: According to the article, MISO, the grid operator throughout the Midwest, has already predicted a significant risk of blackouts this summer, particularly in its northern and central areas due to a capacity shortfall. Certain industrial customers have proposed to exit the grid, thereby reducing grid stress and potentially avoiding or lessening the risk of black-outs. Under current MISO tariffs, however, customers that exit the grid would still be subject to capacity payments. By filing with FERC, these industrial customers seek to avoid these penalties. This sort of filing with the FERC by industrial customers reflects the real impact rising energy prices have on the viability of industry and manufacturing in the Midwest and throughout the country. --- [Carrie H. Grundmann](#)

● [DOE to Offer \\$6B to Keep Struggling Nuclear Reactors Online](#)

"The U.S. Department of Energy extended the deadline for nuclear plant owners and operators to apply for \$6 billion in funding through its new Civil Nuclear Credit program to support the continued operation of the country's nuclear reactors."

Why this is important: Nuclear is the best low carbon, reliable base-load electric power source. Some environmental groups don't like nuclear power, but those officials with responsibility for keeping the lights on while still meeting climate goals are trying to avoid nuclear plant retirements, and the consequent increase in carbon emissions from natural gas plants that are called on to meet the need for power when nuclear is shut down. Hence the DOE's offer of money to keep the nuclear plants up and running. --- [David L. Yaussy](#)

● [U.S. Wind and Solar Energy Hit a Key Benchmark Last Month](#)

"The United States electricity sector reached an important milestone in April, when wind and solar energy accounted for 20% of electricity generation for the first time in history."

Why this is important: According to the International Energy Agency, worldwide renewable energy needs to account for 20 percent of global energy production by 2025 in order to avoid catastrophic climate change. Although the U.S. milestone in April only reflects hitting that 20 percent mark in a single month, the article indicates that the trend in increased renewable energy is clearly ticking upward, but related cost consequences are not addressed directly in the article. --- [Carrie H. Grundmann](#)

● [Distributed Wind Could Supply More than Half of US Electricity but Needs Policy Support, NREL Study Finds](#)

"Across multiple scenarios modeled by NREL, the total distributed wind generation that could be profitably deployed declines by 2035 on account of numerous state and federal incentives that are expected to expire in that time frame."

Why this is important: Distributed wind systems (i.e., wind turbines put up by individuals and groups who use the power and sell excess to the grid) are unlikely to become widespread. Distributed energy works well for quiet, unobtrusive solar power, but erecting a large turbine in one's backyard, even in rural areas, would be an incredibly complex endeavor and is unlikely to be popular with neighbors. --- [David L. Yaussy](#)

● [Energy is Getting More Expensive. More Middle-Income Families are Struggling to Pay.](#)

"Energy costs, like so much else, have risen significantly — 30% in the last year, according to the Bureau of Labor Statistics."

Why this is important: As the article notes, energy costs, along with everything else have been on the rise. Increased fuel costs -- higher natural gas and coal prices -- contributed to the increased costs mentioned in the article. While commodity prices are not expected to remain high forever, other factors such as increased investment in renewable energy may also contribute to increases in electricity bills in the future. --- [Carrie H. Grundmann](#)

● [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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