

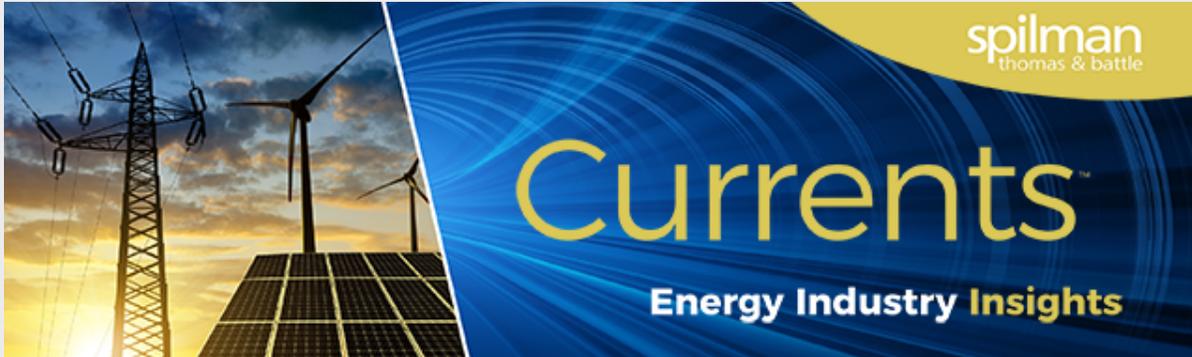
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Volume 5, Issue 12

● [Welcome](#)



Welcome to Volume 5, Issue 12 of *Currents*. Do you have a colleague that you think would find this publication interesting? Simply [email us](#) the name and email address of that person with CURRENTS in the subject line.

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[Nicholas S. Preservati](#)

Co-Chair, Energy Practice Group

● [Oil Giants Win Climate Suit as Judges Push for Political Fix](#)

"New York City suffered another setback in its effort to make Exxon Mobil Corp., BP Plc and other energy companies help cover the public costs of dealing with climate change, as a federal appeals court ruled the global problem demands political rather than legal action."

Why this is important: This ruling is important for two reasons. First, it provides clarity to potential claimants on the proper method for addressing issues associated with climate change. Since the issue is "uniquely an international concern," the court determined that the ultimate solution should come from the legislature and not the courts. Second, by requiring that the issue be resolved by the legislature, the court prevents the creation of a patchwork of inconsistent judicial decisions that place different requirements on different defendants depending on the jurisdiction. --- [Nicholas S. Preservati](#)

● [Why are Oil Majors Investing in Offshore Wind?](#)

"However, other European major oil companies have recently adopted radical shifts in strategic direction that will transform them over the coming decades."

Why this is important: With massive projected growth in the next decade and a plethora of experience in offshore operations, it comes as no surprise that many European O&G companies are becoming more interested in offshore wind development. However, it is unlikely that fossil fuels will become a relic in Europe any time soon as a result of the diversification of energy sources. For one example, we can look to Germany, the largest importer of natural gas in the world. It is believed that Russia currently provides around 40 percent of Germany's natural gas imports and, if the Nord Stream 2 pipeline is ever completed, that figure certainly will rise. If European market forces are willing to significantly forgo fossil fuels, there are parties to the east that will gladly fill that void. --- [Joseph C. Unger](#)

● [Record US and EU Coal Plant Retirements Offset by China Coal Boom in 2020](#)

"Just under 38GW of coal plants were retired in 2020, largely in the US and EU, but just over 38GW of new coal plants were commissioned in China."

Why this is important: In 2020, in the midst of the COVID-19 pandemic, a total of 38 GW of coal-fired electrical generation plants closed around the world. While that would normally help fight global warming, in the same year in China, 38 GWs of new coal-fired electrical generation plants began operation. While China has announced a long-term goal of carbon emission reductions, it continues to lead the world in coal-fired electrical generation. --- [Mark E. Heath](#)

● [Zero-Emission Vehicles 'are Coming Very Fast Now,' Says Author of Congressionally-Mandated Report](#)

"The report also includes a series of recommendations for federal agencies, calling on them to use their authority to drive the 'development and deployment of zero-emission vehicles ' as they 'present the long-term future of energy efficiency, petroleum reduction, and greenhouse gas emissions reduction' within the light-duty transportation sector."

Why this is important: As battery costs drop, electric vehicles could be cheaper to manufacture, and easier to maintain, than internal combustion engines. Car manufacturers want to shift in that direction, and higher income individuals are providing a steady market. What remains to be seen is whether even long-range EVs will be competitive for those consumers concerned about being able to gas and go quickly, rather than wait for lengthy recharge. The key to EV adoption may not be EV prices, but convincing consumers that the recharging times are not onerous, and are a fair trade-off for a potentially better product. --- [David L. Yaussy](#)

● [Big ECB Climate Change Role May be Step Too Far Warns Wunsch](#)

"The ECB is reviewing its role in fighting climate change, with options under consideration including the skewing of asset purchases or access to central bank funding to punish polluters and reward sustainable firms."

Why this is important: The concern expressed by the European Central Bank is important for two reasons. First, it acknowledges that there are risks that must be considered when financial institutions attempt to influence political or policy issues that are not primarily economic in nature. Second, while not in direct conflict with the European Union's overall strong support of climate change regulation, the Bank's warning does signal that it is taking a more cautious approach on the issue than other European entities. --- [Nicholas S. Preservati](#)

● [Carbon Capture has to Get as Big as Oil Industry in Less Than 30 Years](#)

"The nascent industry that captures and stores carbon dioxide has to scale to the size of the oil industry much faster than oil did, the head of a CCS think tank said."

Why this is important: To meet current climate goals, there has to be a global removal of about 5-10 gigatons of carbon dioxide from the atmosphere each year—around the total weight of oil and gas produced globally each year. Renewable/clean energy sources are not currently in a position to support the world's energy needs, nor will they be in the foreseeable future. This means developments in carbon capture and storage ("CCS") technology will be required if any significant progress in emissions reduction is to be achieved. Right now, there are around 26 operating CCS facilities and 40 that are either being developed or are not operational. To make a significant dent in reducing emissions, the current capacity of CCS facilities may need to increase 100-fold by 2050. --- [Joseph C. Unger](#)

● [US Thermal Coal Exports May Tighten Despite Recent Price Rises](#)

"The increase in US thermal coal prices, particularly those in the Central Appalachian basin, 'is tied to the recovery of CIF Amsterdam-Rotterdam-Antwerp and other Atlantic coal basin prices,' which have been pushed up by robust demand in Asia and widespread supply constraints."

Why this is important: The demand and pricing for exports of U.S. thermal coal is up, but experts are concerned it may not last. Increased demand in Europe for coal used primarily for electrical generation has led to increased prices, fueled in part by increased prices in Asia. But, experts predict a strong U.S. dollar and increased South African exports could lead to weaker prices and tonnage later in the year. Currently, the U.S. is predicted to export 25 million tons in 2021. --- [Mark E. Heath](#)

● [The US is Worried about Its Critical Minerals Supply Chains – Essential for Electric Vehicles, Wind Power and the Nation's Defense](#)

"The U.S. has increased its strategic planning and investment in reliable supply chains in recent years, particularly as China has moved to increase control over critical mineral exports, but the U.S.'s own mining and recycling of these minerals is still small."

Why this is important: Mining is messy, and going green requires a lot of mining to produce the rare earth elements and other components of the batteries, wind turbines and solar panels that make renewable energy and high-end electronics possible. The U.S. will need to determine whether it will encourage the necessary mining in the U.S. or by reliable allies, or continue to let China and other countries dominate their production. --- [David L. Yaussy](#)

● Energy Question of the Week

Last Issue's Question and Results

Do you support or oppose the use of nuclear energy for generating electricity in the U.S.?

Strongly support - 27.4%
Moderately support - 19%
Moderately oppose - 13.1%
Strongly oppose - 14.3%
Neither support nor oppose - 13.1%
Do not know/other - 13.1%

Do you support President Biden's "American Jobs Plan" infrastructure bill?

Strongly support

Select

Moderately support

Select

Moderately oppose

Select

Strongly oppose

Select

No opinion/neutral

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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