



Issue 36, 2018

## ● [China Says to Impose 10 Percent Tariff on U.S. LNG from September 24; Keeps U.S. Crude Oil Off List](#)

*"China announced retaliatory tariffs on an additional \$60 billion worth of U.S. imports that included a 10 percent tariff on LNG, effective September 24, but Beijing kept crude oil off its latest list of products incurring charges."*

**Why this is important:** The imposition of a 10 percent tariff by China on LNG imports from the U.S. is unfortunate for both domestic gas producers as well as the citizens of China. The Chinese economy is hungry for natural gas imports to both fuel its internal growth and reduce toxic air emissions from other energy sources. This gas tariff is collateral damage from the ongoing trade disputes between the U.S. and China. The longer the tariff is in place, the more inroads LNG imports from sources such as Australia and Qatar will supplant U.S. exports. In addition, Russia is constructing a natural gas pipeline from its eastern border into China to supply more natural gas from its Siberian fields. This trade dispute with China needs to be resolved because the longer the 10 percent tariff on U.S. gas remains in place, the more our share of the Chinese LNG market will decrease to the detriment of our shale industry. --- [William M. Herlihy](#)

## ● [Coal is Still King in 18 U.S. States. But for How Long?](#)

*"But coal's role in the electric grid is shrinking because of the abundance of natural gas and the plunging prices of renewable energy."*

**Why this is important:** Coal remains the dominant provider for electrical generation in 18 states. However, that is a decline from 28 states before the shale gas boom. In addition to gas, renewables, which are subsidized, continued to make inroads into coal usage. Thirty years ago, coal was used to generate 60 percent of U.S. power, and now it is down to 30 percent. And, as the article discusses, the five most populous states now use natural gas for the largest share of electrical generation. The fifth largest state, the coal state of Pennsylvania, now is favoring nuclear. Despite these trends, coal will remain in the U.S. electrical grid for many years to come. --- [Mark E. Heath](#)

## ● [Our Natural Gas Infrastructure is Critical to the Shale Revolution](#)

*"Whole parts of Pennsylvania, Ohio and West Virginia that faced economic depression have been revitalized; the grip on our economic lifeline of tyrannical regimes in the Middle East, Africa, South America and Russia has been broken. American consumers throughout the country have saved tens of billions in energy costs."*

**Why this is important:** The current expansion in our natural gas pipeline systems is essential to achieving mature domestic and foreign markets for the production and distribution of gas. The shale revolution has indeed produced an abundance of economic benefits, most notably reduced energy costs to consumers. However, local utilities also need to upgrade their delivery facilities to avoid tragedies such as the gas explosions in Massachusetts last week. Although the cause of those explosions has yet to be determined, this sort of unnecessary accident taints the oil and gas industry as a whole. Natural gas producers, as well as major

pipeline companies, need to bring some accountability to the local gas utility systems that they serve to avoid the demonization of this very important component of our economy. --- [William M. Herlihy](#)

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## ● [UK Tidal Power Firm Unveils 'World's Largest' Turbine](#)

*"The company, owned by billionaire tycoon Sanjeev Gupta, says the 2MW tidal power turbine system will be capable of accommodating rotor diameters of between 20 to 24 metres."*

**Why this is important:** Tidal energy does not suffer from the same "intermittency" problem as does wind and solar energy. However, cost always has been an issue. It is constant and abundant. With its 78 foot rotor diameter and 25-year life expectancy, the AR2000 is capable of efficient and sustained electricity generation. Also, the AR2000 may be daisy-chained, which will reduce costs and lower the impact of subsurface infrastructure. --- [Nicholas S. Preservati](#)

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## ● [German Power Price to Rise Following Coal Phase-Out](#)

*"The expected power price increase is a result of reduced overcapacity coupled with an expected increase in the European carbon price, which will be an incubator for fostering additional investments in renewable energy sources in Germany," Ferdinand adds."*

**Why this is important:** Germany is continuing to evaluate the elimination of coal from its electrical generation portfolio. However, a new study shows removing coal could have a very high price. The study believes the spot price for electricity could cost an extra 60 million euros and the change could lead to shortages of power. --- [Mark E. Heath](#)

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## ● [Parsons Corporation Selected as Trade Hub Dev Partner](#)

*"The Appalachian Storage and Trading Hub took another step toward fruition with the recent announcement that its developer, Appalachia Development Group LLC, selected California-based Parsons Corp. as its partner for the buildout of the ambitious project."*

**Why this is important:** The selection of the Parsons Corporation as the engineering partner for the creation of the Appalachian Storage Hub is important. It is a significant step toward the creation of storage facilities to ensure the economic benefits of the shale revolution in the Appalachian Basin will not leave this area. The partnership between Appalachia Development Group, LLC and Parsons signals this important project is real and moving forward. The creation of ASH will both ensure economic prosperity to Appalachia as well as provide the country with security for its petrochemical feed stocks in the event of disruptions of supplies from the Gulf Coast. --- [William M. Herlihy](#)

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## ● [UK Government Warns Oil Supply Chain is 'Espionage Target'](#)

*"Delegates were told supply chain firms were particularly at risk from 'individuals, extremist groups or even hostile states' as they could be an easy route to acquiring details for various operators they work for."*

**Why this is important:** The digitization of energy systems allows producers to access tremendous amounts of data generated from interconnected energy systems. However, this linking of hundreds or even thousands of instruments and control panels make energy systems more vulnerable to hacking and espionage threats. In the last 18 months, Russian state-sponsored actors have sought to destabilize western countries through attacks on their critical national infrastructure, North Korea has attempted to steal money by cyber-hacking, and the Chinese have stolen strategic information regarding energy technology and business models. There are three primary entry points or areas exploited by hackers. The first is the energy companies themselves who come under attack. This is the most direct avenue used by hackers, and is also the easiest to guard against since companies have direct control over their own systems. The second area involves the suppliers and vendors of energy companies. Hackers are increasingly exploiting supply chain vulnerabilities as a means to accessing energy control systems as vendor cyber-security measures are usually not as robust as those of the energy companies. The final threat is indirect damage to energy companies by attacks aimed at others. This is the most difficult to manage as the universe of threats is simply too large to guard against. --- [Nicholas S. Preservati](#)

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## ● [Germany's RWE Says 2035 Too Early to Exit Coal](#)

*"German utility RWE, its works council and trade unions say they oppose plans to end coal-fired power generation in Germany around 2035, raising questions over a possible compromise between a government commission and environmentalists."*

**Why this is important:** German utility RWE has announced that 2035 will be too soon to end the use of coal for electrical generation. Germany also is closing its nuclear power plants by 2022. Because of the impact on the electric needs of the country, RWE believes Germany will have to continue to rely on coal well into the 2040s. --- [Mark E. Heath](#)

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## ● [EIA Energy Statistics](#)

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

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