



Share



Tweet



Share



Issue 39, 2019

## ● [Big Oil's Climate Change Reckoning Finally Arrives in Court](#)

*"New York's \$1.6 billion lawsuit arose from a national effort to hold Big Oil responsible for global warming."*

**Why this is important:** The most important aspect of this lawsuit is what it is not about. This lawsuit is not about whether Exxon caused climate change or whether it misrepresented its role in climate change to the public. The precise issue in this case is whether Exxon misled its investors by providing them with a falsified proxy cost of carbon, which includes the cost of complying with climate change regulations. The lawsuit alleges Exxon had two such costs. The first was a lower cost it provided to its investors. It is alleged the second one was the much higher actual cost hidden from investors. Whether Exxon engaged in such conduct is an issue specific to it and not the fossil fuel industry as a whole. Thus, while this lawsuit may be construed as a "climate change" lawsuit, it is actually about corporate governance with only a tangential connection to climate change. --- [Nicholas S. Preservati](#)

---

## ● [Moody's Sees "Significant" Drops in Powder River Basin Coal Production](#)

*"Coal production in the Powder River Basin could decline significantly in 2020, but by how much remains to be seen, according to a report by Moody's Investors Services."*

**Why this is important:** Moody's predicts further declines in Powder River Basin coal production. The region produced 418 million tons in 2018, which is expected to drop to 364 million tons in 2019 and decline to 339 million tons in 2020. The declines are based on a distressed market with several bankruptcies and environmental, social and governance factors as northwestern states move away from coal-fired electrical generation. Moody's notes the production capacity for all mines in the Basin is 476 million tons. With the declines, Moody's expects further consolidations or mine closings will occur. This follows a national trend of declining coal-fired electrical generation. --- [Mark E. Heath](#)

---

## ● [Virginia Strikes Deal to Purchase Renewable Energy for Use in State Facilities](#)

*"Calling it the largest such contract negotiated by any state, Northam said the deal with Dominion Energy would ensure his goal of having state agencies get 30 percent of their electricity from renewable sources by 2022."*

**Why this is important:** Under the deal, the Commonwealth of Virginia will procure 420 MW of renewable energy that will be used to supply state government facilities. The majority of the purchase

- 345 MW - will come from solar installations owned by Dominion. The remaining 75 MW will come from a new wind energy project planned for a mountaintop in Botetourt County and is owned by Apex Clean Energy, a Charlottesville, Virginia-based company. This deal is consistent with Executive Order No. 43 issued by Governor Ralph Northam in September 2019, setting statewide objectives for energy production, which included a goal that by 2030, 30 percent of Virginia's electric system will be powered by renewable energy. --- [Carrie H. Grundmann](#)

---

## ● [Illinois Basin Coal Market Faces Uncertainty with Low Gas Prices, Rationalization](#)

*"Export markets are pretty slow, but we're still shipping some, and hoping we can get more of that business going next year, and most of our utilities are taking deliveries ... we're just trying to keep things on an even keel."*

**Why this is important:** A continuing glut of natural gas in the U.S. and in Europe is hurting Illinois Basin coal producers. Natural gas is priced at \$2.54, down from \$2.87 last year. This decline has resulted in utilities dispatching gas-fired generation plants first. In Florida, gas-fired electrical generation plants are running 70 percent of the time, while coal-fired electrical generation plants are being used 30 percent of the time. These declines have led to several mine closings in Illinois, Kentucky and Indiana. The same glut of gas exists in Europe, which has slowed exports from the Basin. --- [Mark E. Heath](#)

---

## ● [Report Finds \\$1.1 Trillion in Energy Savings Due to Significant Natural Gas Production in Shale Crescent USA Region](#)

*"Tied directly to the abundance of affordable natural gas, residential, commercial, industrial, and electric power generating sectors in these three states have realized a combined savings of more than \$90 billion since 2009."*

**Why this is important:** The bottom line is that Appalachian shale gas is providing a clean and affordable source of energy to both residential and commercial consumers. This resource has not only benefited energy consumers, but it has also created the possibility for downstream manufacturing jobs to benefit the economy of the Appalachian region. Realistically speaking, renewable energy sources do not have the capacity or storage potential to meet the region's energy needs for many years. In the meantime, cheap shale gas is a very affordable and reliable bridge fuel to keep the Appalachian economy viable. --- [William M. Herlihy](#)

---

## ● [WVU Statler College Team of Engineers Using Robotics to Improve Mine Safety](#)

*"In their work to use robots and drones to prevent roof collapses and falling debris in mines, professors Ihsan Berk Tulu, Jason Gross, Yu Gu and Guilherme Pereira have joined forces with the Alpha Foundation for the Improvement of Mine Safety and Health, a private agency dedicated to funding safety improvement projects."*

**Why this is important:** The Alpha Foundation has provided a \$750,000 grant to West Virginia University to study the use of drones and robots to detect and produce high resolution, 3-D maps of pillar and roof control problems in underground mines. The work, through the Statler College's Department of Mechanical and Aerospace Engineering, is pairing drones and robots together to detect roof and pillar problems so they can be corrected before they can injure miners. When completed, the system will also work in coal mines and help with mine rescues. The technology will be deployed in a Pennsylvania underground quarry next year. --- [Mark E. Heath](#)

---

## ● [With 10% Penetration, EVs Could Shift All Residential Peak Load to Night, Analysis of SoCal Ed Finds](#)

*"Electric vehicles have the potential to act as virtual power plants that can help utilities soak up midday renewable energy and discharge in the evenings to reduce peak load."*

**Why this is important:** This article highlights the use of electric vehicles as miniature power plants to offset peak demand. The concept involves the utility accessing the reserve energy in the EV battery after the evening commute, but leaving at least 20 percent of the full battery charge for contingent travel. The excess energy is placed on the grid during peak demand when prices are the highest (4:00-9:00pm) and the EV battery is later recharged during off-peak hours when energy prices are lower. The shifting of 1 kWh from peak demand to off-peak demand saves approximately \$0.25, which results in an annual savings of \$560 per EV owner. With a 10 percent market share penetration, EVs could shift peak demand to nighttime when they recharge their vehicles, thus making evening energy prices lower for the public in general. --- [Nicholas S. Preservati](#)

---

## ● [Global Thermal Coal Markets 'Bottom Out' as Supply Contracts](#)

*"Global thermal coal markets have largely 'bottomed out' following a steep drop in the first half of 2019, although supply contraction will likely need to continue over the rest of the year and into 2020 to achieve global rebalancing."*

**Why this is important:** A worldwide oversupply of steam coal continues to depress export prices. Experts believe prices have bottomed out, but the contraction in tonnage will continue into 2020. Perrett Associates believes the oversupply of steam coal is now 19 million tons, down from 24 million tons in May 2019. The oversupply is having a heavy effect on U.S. exports. In 2018, the U.S. exported 49.1 million tons. That export level dropped to 33 million tons in 2019 and will decline to 20 million tons next year. But, the numbers for coal imports around the world are mixed. The European Union expects a 25 percent decline in imports and coal usage while India-Pacific will import 860 million tons this year (it was 560 million tons in 2010) and Vietnam will import 43.1 million tons in 2019, up from 23 million tons last year. --- [Mark E. Heath](#)

---

## ● [China's 2019 Coal Imports Set to Rise More than 10 Percent](#)

*"China, the world's top coal buyer, is on track to boost imports of the fuel by more than 10% this year, countering earlier expectations that shipments would be capped by Beijing at the same level as 2018."*

**Why this is important:** China remains one of the world's largest users of coal. Analysts had expected China to limit imports this year to 2018 totals over air quality concerns, but it now appears the nation will actually import about 10 percent more coal than last year. In 2018, China imported 281 million tons of coal and imports for the first nine months of this year are about 9.5 percent above the 2018 numbers. With an uptick in its economy, China is expected to import somewhere between 300 to 320 million tons by December 31. These increases will help slow declining coal prices worldwide. --- [Mark E. Heath](#)

---

## ● [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