



Issue 18, 2019

● [New Sulfur Caps for Shipping Fuels Will Help Make the Shale Boom Even Bigger](#)

"Now the shale revolution will help shippers across the world comply with the International Maritime Organization's 2020 standards, called "IMO 2020," which cap sulfur emissions from ships."

Why this is important: Environmental regulation can provide a competitive edge in some circumstances. Several years ago, the United States adopted lower limits for sulfur in diesel, cleaning it up substantially and producing positive environmental effects. Now other countries are joining in reducing the sulfur in marine fuels. The experience the U.S. already has in producing low sulfur fuels, using shale oils that are naturally low in sulfur, puts U.S. refineries in a good position to capture the low sulfur diesel market. --- [David L. Yaussy](#)

● [Ethane Storage Seen as Key to Revitalization of Appalachia](#)

"Experts say the availability of storage facilities will help the tristate region of eastern Ohio, southwestern Pennsylvania and northern West Virginia attract petrochemical plants that turn ethane into raw plastic and, the hope is, attract manufacturing companies to make products ubiquitous to modern life."

Why this is important: Storage facilities for NGLs are crucial for petrochemical manufacturing along the Ohio Valley, which lies over the liquid-rich Marcellus and Utica Shales. Many of the idled chemical and steel facilities in that area are ideal brownfield sites for petrochemical facilities. But, a consistent supply and pricing of NGL feedstocks are necessary to attract petrochemical manufacturing. Secure underground storage facilities for these feedstocks should be supported by federal and regional state funding sources in order to provide a basis to kick start the development of these facilities. --- [William M. Herlihy](#)

● [New York's Natural Gas Pipeline Ban: Unconstitutional, Bad for the Environment, Economy & Consumers](#)

"New York is at it again, 195 years later, with Gov. Andrew Cuomo abusing the federal Clean Water Act to prevent the construction of natural gas pipelines across the state, not only denying New Yorkers a reliable, less expensive, and cleaner source of energy, but also denying those same benefits to people living to the east in New England."

Why this is important: As one might expect, New York's refusal to permit new gas pipelines is causing all sorts of problems. Gas utilities are refusing to hook up new customers because of concern about supply, other fossil fuels are being brought in from overseas or by railcar, and electricity prices remain high. The idea of moving to renewables is a noble one, but until they produce power in sufficient quantities to replace fossil fuel and nuclear generation, New York consumers are going to bear the brunt of their state's green dreams. --- [David L. Yaussy](#)

● [China Stepped Up Imports of Australian Steelmaking Coal in March](#)

"China stepped up purchases of Australian steelmaking coal in March after customs delays earlier this year, Australian government data showed, but exports of thermal coal to the world's biggest consumer continued to fall."

Why this is important: Australia reports China increased its imports of metallurgical coal last month. For the first two months of this year, China had significantly reduced all coal imports--steam and metallurgical coal. In March, Australian sales of metallurgical coal increased 42 percent from February sales to \$748.6 million dollars (U.S.). While this is good news for U.S. producers in the world metallurgical export market, the news for steam coal is not as good. Steam coal imports by China remain down significantly. In March, Australian shipments to China were down 18 percent from last year. --- [Mark E. Heath](#)

● [US LNG Opens Floodgates to Europe](#)

"The United States has nearly tripled its natural-gas exports to the European Union since July and signed new licenses seeking to establish American energy as an EU mainstay."

Why this is important: Europe is a natural market for inexpensive Appalachian shale gas. As members of the EU search for less expensive and more environmentally friendly energy sources, LNG from the United States is an affordable and convenient alternative. Exported Appalachian shale gas is very competitive with gas either shipped from Middle Eastern countries or piped from Russian-controlled reserves. The United States needs to permit more LNG export terminals along its East Coast to make the European export market even more attractive. --- [William M. Herlihy](#)

● [China's Top Coal Province Defies Beijing, Allows New Coke Projects](#)

"China's top coal and coke producing region Shanxi has relaxed environmental policies regarding its coking industry despite repeated orders from Beijing to curb production from coke plants, the Ministry of Ecology and Environment said."

Why this is important: At least one Chinese province, Shanxi, has decided to ignore Beijing's orders to reduce coal consumption. The province has increased its capacity to make coke by 10.7 million tons. The region also appears to be ignoring the central government's orders to reduce the amount of coal being used to heat homes. China remains the largest user of coal and greatly influences the world export market. --- [Mark E. Heath](#)

● [Auto Group Tries to Steer Colorado Clear of California ZEV Rules](#)

"The Alliance of Automobile Manufacturers, a trade group representing General Motors Co, Toyota Motor Corp, Volkswagen AG, Ford Motor Co and others, met with Polis in a bid to convince him that voluntary efforts to boost electric vehicles make more sense."

Why this is important: Several states, led by California, are setting goals for sales of Zero Emission Vehicles. Sounds like a good idea, as long as there is a demand for them. However, range limitations and other difficulties will make significant sales of ZEVs unlikely in the foreseeable future, leading to questions of what happens when sales do not meet state mandates. In addition, ZEVs probably are not zero emission, given the likelihood the electricity that charges them comes from fossil fuels, at least in substantial part. --- [David L. Yaussy](#)

● [Three Take-Aways from the Climate Change Investing Roundtable](#)

"This shift will present enormous opportunities - opportunities not available for hundreds of years - but will bring with it enormous risks as well."

Why this is important: This Forbes article highlights the challenges of taking only one view on climate change because the impacts are so diverse. The author identifies three developments you may not have considered. First, one option to reduce the carbon impact of beef and dairy production is the conversion of manure (or "brown gold" to some) into "renewable natural gas." It is possible to run the brown gold through an anaerobic digester to produce methane which can be introduced to natural gas pipelines for industrial, commercial, and residential use. Second, the Bipartisan Budget Act of 2018 expanded tax credits for

businesses operating carbon capture and storage technologies. The law makes the conditions for receiving tax credits clearer and more straight-forward, thereby allowing for easier financing of carbon capture and storage projects. This will increase the likelihood of utilizing such technologies to reduce the release of carbon dioxide into the atmosphere. Lastly, the author notes bond investment is made increasingly risky due to climate change--specifically, climate disasters in developing areas. While domestic municipal and corporate debt may be riskier due to climate change, the greater risk resides with emerging market sovereign paper. The author suggests we live in a "civilization-level paradigm shift that will present enormous opportunities and risks that requires intelligent investing decisions." --- [Mark D. Clark](#)

● [Abandoned Coal Mines in the UK Could Provide Geothermal Energy](#)

"These coal mines are all flooded with tepid to warm water that have a truly massive heat content."

Why this is important: When geothermal energy is discussed, it's often in the context of electricity generated by steam from water that is heated far underground. That's limited to areas that are geologically suitable for it. A greater source of geothermal energy is using the differential between air temperature and the temperature of groundwater. A heat pump can take groundwater and "concentrate" its heat, warming a home more efficiently than extracting heat from colder air. This is already being done by individual homeowners, but England is considering doing this on a community scale, using the large bodies of water in abandoned mines. If this can be done cost-effectively, look to see something similar in other areas with underground pools of water, such as Appalachia. --- [David L. Yaussy](#)

● [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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