



Issue 21, 2018

● [FERC Won't Consider Big Climate Change Effects in Pipeline Reviews](#)

"FERC's three Republican commissioners issued the surprise ruling as part of an otherwise routine decision on a pipeline upgrade proposed by the utility giant Dominion."

Why this is important: A GOP majority FERC opinion holds that federal law does not require the commission to consider the upstream and downstream greenhouse gas emission impact in pipeline reviews. Accordingly, FERC appears to be saying it will no longer make broad evaluations concerning the impact of climate change when it approves interstate pipelines. FERC will continue to examine the environmental effects of the construction of the pipeline under the National Environmental Policy Act ("NEPA"), but not the effect of using the fuel it transports. According to the GOP commissioners, accounting for greenhouse gas emissions outside of building and operating the pipeline structure are "extraneous" and "generic in nature and inherently speculative." Such "climate change" consideration "muddles" the environmental analysis FERC conducts under NEPA they said. The move indicates that FERC is willing to challenge a recent federal court ruling from the D.C. Circuit Court of Appeals that FERC did not properly evaluate the effects of greenhouse gas emissions from natural gas shipped by a FERC approved pipeline. --- [John C. \(Max\) Wilkinson](#)

● [Low Oil Price Era is 'Dead' as Crisis-Stricken Venezuela Risks a Supply Shock, Analyst Says](#)

"We're looking at such a big potential disruption on the horizon...So the risk that you could lose such a big volume of crude oil exports from the market is what is keeping prices ticking higher," she added."

Why this is important: Amrita Sen, chief oil analyst at Energy Aspects, indicates the political and economic chaos in Venezuela will ensure that oil prices will remain higher than originally forecast. Crude prices slowly have been increasing due to the OPEC/Russia production cuts. This price increase was slowed somewhat by significant increases in American shale oil production. However, the crisis in Venezuela's oil industry will be a major factor of increased oil prices, eclipsing America's new sanctions against Iran. Describing the state of Venezuela's oil production, Sen states, "...it's a shambles." --- [Gerald E. \(Gee\) Lofstead III](#)

● [New York to End All Coal-Fired Power by 2020](#)

"New York State has proposed strict new carbon dioxide standards which will lead to coal plants having to change the way they operate, or close down."

Why this is important: New York becomes the latest of several states to attempt to limit or eliminate the use of coal for electrical generation. Under new state proposed greenhouse gas standards, coal plants would be limited to 1,800 pounds of CO2 per megawatt hour. However, there are only two coal-fired plants left in the state. New York plans to reduce its greenhouse gas output by 40 percent by 2030. The state also wants to increase power production from renewables by 50 percent, with a large expansion in the use of offshore wind turbines for electrical generation. --- [Mark E. Heath](#)

● [Andrew Cuomo's Wind Farm Won't Fly Without Fracking](#)

"New York's Gov. Andrew Cuomo led the cheer squad last month when the Interior Department announced it would begin allowing offshore wind turbines to be built in the shallow waters between New Jersey and Long Island."

Why this is important: New York's Governor Cuomo has made a reputation as an outspoken proponent of renewable energy sources, and is touting the benefits of a large windfarm that will be built off Long Island. He also has been instrumental in shutting down a nuclear power plant near New York City, to resounding cheers from many environmentalists, stating that wind power can replace it. However, the wind power will not be sufficient to fully replace the nuclear-generated electricity, which emits no greenhouse gases. The difference will be made up by natural gas-powered generation, something that is in stark contrast to the Governor's opposition to development of hydraulic fracturing natural gas in New York. --- [David L. Yaussy](#)

● [U.S. Condemns Venezuela Election, Readies Sanctions](#)

"President Donald Trump issued an order prohibiting the purchase and sale of any Venezuelan government debt, including any bonds issued by PDVSA, the state oil company, and Venezuela's Central Bank."

Why this is important: Following up on widespread international criticism that Venezuelan President Maduro's May 20th re-election victory was fraudulent, the Trump administration continues to tighten sanctions against the socialist regime. The U.S. likely will impose new restrictions on exports of light crude and refined products used as diluent in the production and transport of heavy crude oil in Venezuela. These restrictions may impact as much as 200,000 b/d of diluent exports from the U.S. and up to 300,000 b/d of extra heavy oil production in Venezuela, additionally hobbling Venezuela's already crumbling oil industry. Venezuelan oil production fell to 1.42 million b/d in April, down 50,000 b/d from March and down 560,000 b/d from a year earlier according to the International Energy Administration. The latest U.S. Energy Information Administration import data indicates U.S. imports of Venezuelan crude have declined nearly 46 percent in two years. --- [John C. \(Max\) Wilkinson](#)

● [What are the Factors Driving Up the Price of Crude Oil?](#)

"Donald Trump, geopolitics and more make an impact, posing a challenge for central banks."

Why this is important: Despite the booming output of U.S. shale oil, prices of crude--and consequently prices at the gas pump--are climbing skyward. Factors throughout the world, both intentional and unintentional, are the cause. The OPEC production restrictions are the most significant cause, when coupled with the political and economic meltdown in Venezuela. President Trump's foreign policies, sometimes communicated to the world through Twitter, have not helped stabilize the oil markets. His position on Venezuela (please see the article and commentary by Max Wilkinson herein) and sanctioning of Iran have made oil forecasters and analysts more nervous (even though Saudi Arabia has agreed to make up for any oil production lost by Iran). Domestically, surveys indicate we will see a significant decrease in vacation and holiday road travel because of high gasoline prices. Analysts predict oil prices will reach levels that will decrease demand worldwide, a major change from forecasts in the previous months. --- [Gerald E. \(Gee\) Lofstead III](#)

● [Coking Coal Underpinned by Steel, Supply Logistics](#)

"Met coal prices are currently underpinned by strong margins for steel prices and limited additional coking coal supply, as well as ongoing logistical constraints in the U.S. and Australia, Seaport Global said."

Why this is important: Driven by strong steel prices and supply constraints that limit additional production, pricing for metallurgical coal remains strong. Forecasts note that while prices are down slightly from the first quarter of 2018, prices remain very strong and are projected to remain strong well into 2019. Factored into this forecast are railroad problems in Australia and the fact there is little extra met production available. Strong met pricing continues to help U.S. producers counter declines in U.S. steam coal usage and pricing. --- [Mark E. Heath](#)

● [The Commodities that May Win Big from U.S.-China Trade Truce](#)

"Focus now swings to which U.S. commodities could benefit as China buys more, and which countries stand to lose business in the world's biggest market for most raw materials."

Why this is important: An energy-centric outcome to the ongoing trade negotiations between the United States and China could produce a very beneficial outcome for our domestic oil and gas industry and overall economy. China's increased demand for natural gas, oil and petrochemical derivatives currently outstrips its domestic production capacity for these products. Relatively cheap shale gas and its associated liquids provide a cost-effective source of exports to support China's energy production and petrochemical industries. As is true with European markets, a streamlining of the regulatory approval and permitting process on the federal and state level for export facilities is an essential component of efforts to support our shale revolution and make inroads toward decreasing our trade imbalances with China and other nations. --- [William M. Herlihy](#)

● Spilman Environmental Forum Legal Seminar and Conversations on Climate Change

You are cordially invited to two environmental events we are hosting on June 12 in Charleston, West Virginia.

Environmental Forum Legal Seminar

Is your company prepared for the effects climate change and related litigation and environmental activism will have on your business? Across the country, corporations in the energy, chemical, and manufacturing industries are seeing sometimes dangerous interference by environmental activists and experiencing a surge in creative lawsuits. In anticipation of finding yourself in the middle of one of these situations--whether a minor headache or a major crisis--we want to prepare you for possible challenges and how to manage them.

Spilman Thomas & Battle's 2018 Environmental Forum, developed specifically with corporate executives, in-house counsel, and risk management professionals in mind, will address discrete issues that could have serious implications for the corporate bottom line.

Spilman lawyers and other professionals with on-the-ground experience will share their insights from the trenches via three high-impact panels to an exclusive audience of clients and friends of the firm. Each panel will allow plenty of time for Q&A and discussion, to ensure attendees walk away with a toolbox of knowledge applicable to their industry and company. Click [here](#) to register.

Conversations on Climate Change

Climate change is undeniable. But is human activity causing it, and if so, to what degree? How are current public policies helping or hurting the situation? All these questions and more will be addressed at Spilman's Conversations on Climate Change.

We're thrilled to be bringing together world-renowned scientists and policy experts to the stage at the University of Charleston to discuss these issues from both sides of the table. Expect an exciting exchange of ideas on the causes and effects of climate change, the prognosis for the future, and what can and should be done to prepare for those changes. We'll hear from those whose research leads them to believe human activity is having a dangerous impact on the climate, as well as those who believe such theories are overblown and unsupported by the science.

Join us for this unique opportunity to see scientists who rarely share the same stage, presenting a balanced discussion about this important topic affecting our planet, our lives, and our businesses. Click [here](#) for more information and to purchase tickets.

● 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

If you would like to subscribe to this weekly e-blast or know someone who would, please [email us](#) and we will add you or your acquaintance to the email list.

If you have any energy questions, please feel free to [contact us](#).

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