

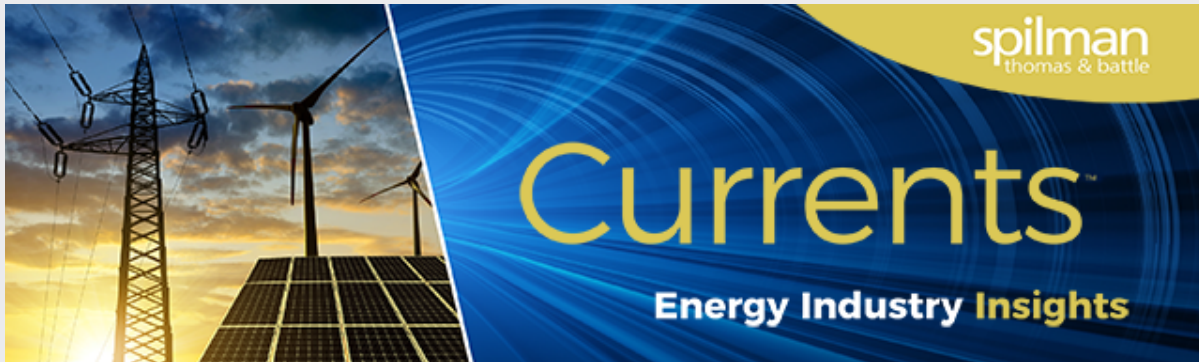
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Volume 5, Issue 17

● [Welcome](#)



Welcome to Volume 5, Issue 17 of *Currents*. Do you have a topic you would like to see covered by one of our attorneys? [Let us know](#) and we will take a deep dive to find out the latest information and our thoughts on the importance.

As always, thank you for reading.

[Nicholas S. Preservati](#)

Co-Chair, Energy Practice Group

● [Gas Stations Run Dry as Pipeline Races to Recover From Hacking](#)

"Gas stations along the U.S. East Coast are beginning to run out of fuel as North America's biggest petroleum pipeline races to recover from a paralyzing cyberattack that has kept it shut for days."

Why this is important: On May 7, 2021, the oil pipeline system that carries approximately 45 percent of all fuel consumed on the East Coast suffered a ransomware attack. The attack resulted in the system being shut down. The result was predictable. Gasoline stations along the East Coast began to run out of fuel due to normal demand and panic buying. The aviation industry was forced to tap into fuel reserves. Emergency shipments by oil tankers were sent to the East Coast. The White House declared a state of emergency and lessened limitations on transportation of fuel by roadway. As of this writing, Colonial Pipeline has restarted the system, but cautions that it will take several days for normal service to resume. This ransomware attack is merely the latest in a string of cyberattacks targeted at critical infrastructure

and the White House's plan to increase security at utilities and their suppliers. It seems like every issue of *Currents* reports on a new cyberattack or a warning of a possible new cyber threat. This latest attack shows the crippling effects these attacks can have and raises concerns about the constant threats critical infrastructure face. --- [Nicholas P. Mooney II](#)

● [Australian Coal Producers Unfazed by China Threat](#)

"This is partly because some Chinese authorities have taken increasingly drastic measures to avert looming coal shortages, which market participants interpret as a sign that a ban on Australian coal has backfired."

Why this is important: China continues to refuse to buy most Australian coal, but Australia is downplaying recent Chinese threats to cease dialogue on the issue. After a dispute on the origins of the COVID-19 pandemic, China for the last year has refused to buy Australian coal. Australia has instead been selling to India, but Chinese efforts to buy from other suppliers has significantly increased the worldwide export price of coal. Australia believes that China is still struggling with the ban as it pays higher prices for imports and is down to 20-day supplies at most of its coal-fired electrical generation plants. This continued turmoil is helping U.S. producers garner better pricing in the U.S. coal export market. --- [Mark E. Heath](#)

● [Pennsylvania Takes Next Step to Start Carbon Emissions Caps in 2022](#)

"Pennsylvania Governor Tom Wolf's administration solidified its intention to begin imposing a price on greenhouse gas emissions from power plants next year as part of a multi-state consortium, over the protests of coal- and gas-region lawmakers and elements of the energy industry."

Why this is important: Governor Wolf issued an Executive Order directing the Pennsylvania Department of Environmental Protection to develop and present a rulemaking package to abate, control or limit carbon dioxide emissions from fossil-fuel-fired electric power generators consistent with the Regional Greenhouse Gas Initiative ("RGGI") to the Pennsylvania Environmental Quality Board. The Governor cites the Air Pollution Control Act as the authority to proceed in this unilateral manner.

The Governor's action has been met with significant opposition from members of the Pennsylvania General Assembly, unions and the business community. The Independent Regulatory Review Commission suggested that the Governor pause the implementation of RGGI for one year to address the concerns expressed during the public comment period. Legislation has been introduced to require the General Assembly's approval to join RGGI, which the Governor is expected to veto. Despite this opposition, Governor Wolf is undeterred and moving Pennsylvania one step closer to joining RGGI. --- [Annmarie Kaiser Robey](#)

● [PG&E Gets Greenlight for \\$7.5B Wildfire Securitization, but Consumer Advocates Raise Challenges](#)

"The securitization would pave the way for PG&E to retire about \$6 billion in debt and accelerate final payments to victims of the wildfires."

Why this is important: The California Public Utilities Commission ("CPUC") has approved a financing plan that will allow Pacific Gas & Electric Co. ("PG&E") to securitize \$7.5 billion in costs related to wildfires caused by its power lines in 2017. PG&E claims that the securitization, which consists of ratepayer-backed recovery bonds, will allow it to retire about \$6 billion in debt and accelerate final payments to victims of the wildfires. The issuance of the recovery bonds will add \$394 million annually to

ratepayer bills for the next 30 years. To offset this negative impact on ratepayers, PG&E plans to establish a shareholder-funded trust, which will pay monthly credits to its customers. However, ratepayer advocate groups are not convinced that PG&E's plan to reimburse ratepayers will be successful and not suffer shortfalls. Thus, two such groups, along with the City and County of San Francisco, have filed requests with the CPUC to rehear the decision. The article explains that securitizations are not at all common. Further, typically utilities are only permitted to securitize costs when the costs are the responsibility of the ratepayers, not the responsibility of the shareholders, and in this instance PG&E's costs are supposed to be shouldered by the shareholders. This will be an important case to watch because expanding the use of securitizations to cover costs that are the utility shareholders' responsibility could create a slippery slope that will be damaging to not only residential ratepayers, but also commercial and industrial ratepayers. --- [Susan J. Riggs](#)

● [Improved Coal Base Generation Adding to Optimism on Coal India](#)

"Strong demand and rising realizations for commodities such as steel, aluminium, cement and others bode well for coal demand and realizations."

Why this is important: India continues to see growth in its coal markets. Coal India Ltd., the largest producer in the Asian nation, is set to mine 596 million tons in Fiscal Year 21. Coal demand is increasing for power production and production of commodities such as aluminum, steel and cement. Most coal-fired electrical generation plants have a 12-day supply, and Coal India stock prices are increasing with the growing demand for coal affecting all phases of the India economy. --- [Mark E. Heath](#)

● [Global Renewable Energy Industry Grew at Fastest Rate Since 1999 Last Year](#)

"New wind and solar power projects in China, Europe and the US spurred 45% rise in capacity."

Why this is important: The International Energy Agency reports that due to the growing appetite for clean energy from governments and corporations, wind power capacity doubled in 2020 while solar power grew by almost 50 percent more than its growth before the pandemic. This exceptional growth is occurring across Europe, China, and the U.S. There is a strong belief that the momentum of companies and governments desiring to use renewable energy will continue to cause increased growth in windfarms and solar power projects. And, with U. S. President Joe Biden pledging to cut U. S. emissions by half in the next 10 years, we may see a rate of renewables growth beyond what the experts have forecasted. --- [Susan J. Riggs](#)

● [Debate Intensifies on Future of Coal](#)

"After one major South Korean coal-fired power financier decided last month to withdraw its participation in foreign markets in the sector, questions have arisen on the feasibility of planned coal-based ventures."

Why this is important: Debate continues in South Korea on the use of coal for electrical generation. The South Korean president on April 22 announced the nation would no longer finance coal-fired electrical generation projects abroad. The impact likely will be felt most in Vietnam, which is relying heavily on coal for future electrical generation needs. Vietnam plants generally are financed by South Korea, China and Japan. Since 2015, Vietnam has added 10.7 GW of coal-fired generation, which now totals 20.4 GW nationwide and 30 percent of its national grid. Vietnam wants to add another 17 GW of coal-fired generation by 2030. One South Korean financier provided \$10 billion in coal-fired power plant construction outside Korea from 2008-2018. It is possible that South Korea's denial of financing could slow the growth of coal-fired generation in Vietnam. --- [Mark E. Heath](#)

● Energy Question of the Week

Last Issue's Question and Results

Should FERC oversee permitting of high voltage transmission lines that cross state borders?

Strongly support FERC oversight - 19.8%
Moderately support FERC oversight - 19.8%
Moderately oppose FERC oversight - 14.6%
Strongly oppose FERC oversight - 14.6%
Other - 14.6%
Do not know - 16.7%

Did you have difficulty getting gasoline after the Colonial Pipeline hack?

Significantly affected

Select

Moderately affected

Select

Slightly affected

Select

Not affected at all

Select

Other/do not know

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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