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Issue 40, 2020

● [West Virginia Supreme Court Hears Arguments in Horizontal Drilling Taxation Case Involving Antero](#)

"At issue is a consumer sales tax assessment of around \$1 million the West Virginia State Tax Department has levied on Antero Resources Corp."

Why this is important: Natural gas producers operating in remote areas of West Virginia spend an extraordinary amount of money on skid houses, portable restrooms, and trash bins to support the workers at their drilling sites. The question now before the Supreme Court of Appeals of West Virginia is whether those items are "directly used or consumed" in the production of natural resources—that is "used or consumed in those activities or operations which constitute an integral and essential part of the activities." But while Antero argues that the nature of its business, as well as OSHA and environmental regulations, make these items "integral and essential," the State Tax Department contends that they are conveniences for workers that fall outside the specific statutory exemptions that the Supreme Court of Appeals historically has said must be strictly construed. Now that the Supreme Court of Appeals has heard oral arguments, it is primed to resolve this dispute in a case that will decide whether Antero and other natural gas producers are entitled to claim sales tax exemptions worth potentially millions of dollars. --- [Joseph V. Schaeffer](#)

● [Oregon's Last Coal Plant Closes as Primary Investor Pivots to Renewable Energy](#)

"The 40-year-old coal plant operating southwest of Boardman was one of PGE's largest power stations, producing 15% of its electric power nearly a decade ago."

Why this is important: The last coal-fired electrical generation plant in Oregon is now closed. The 40-year-old Boardman Plant was scheduled to close by 2040 but was closed early. The plant, at one time, produced 15 percent of PGE's power, which will be replaced with wind and solar. Oregon will still import coal-fired electrical power -- from out-of-state generators. --- [Mark E. Heath](#)

● [China as Climate Change Savior: The Triumph of Hope Over Experience?](#)

"Credulous Western environmentalists and government officials expect China to play a lead role in combating climate change, especially since President Trump withdrew the US from the Paris Agreement."

Why this is important: China is held to a different climate change standard than other countries. While other countries are expected to reduce emissions, China is applauded for agreeing to start reducing its emissions "around 2030", even though it is already the largest carbon dioxide emitter at 30 percent of the world's emissions. (The U.S. is second with 14.5 percent.) China is congratulated for a vague promise to be "carbon neutral" by 2060 while it continues to build coal-fired power plants today. Reductions by other countries are likely to be offset by China's increased emissions in the coming decade. --- [David L. Yaussy](#)

● [Honda, GM-Led Group Develops Global Blockchain Standard for EV Grid Integration](#)

"Rapidly maturing technology offers the promise of a more efficient utilization of the billions of dollars in new capital investment of electric vehicle infrastructure, according to Tram Vo, chief operating officer of the Mobility Open Blockchain Initiative."

Why this is important: There is a proposed standard that was developed by a working group of auto manufacturers, utilities, blockchain software companies and consultants, academics, and others. The standard seeks to utilize blockchain technology for electric vehicles that it hopes will lead to a worldwide decentralized vehicle charging network. In addition to grid-to-vehicle charging, the standard addresses vehicle-to-grid integration that would allow "electric vehicles to share electricity with the power grid," tokenizing carbon credits that would enable companies "to buy and sell digital tokens representing carbon offset credits," and peer-to-peer sharing of power between electric vehicles. The goal of the standard is to decentralize power generation from big power plants "to enable scalable, user-centric energy communities." --- [Nicholas P. Mooney II](#)

● [Bob Murray Announces Retirement from Coal Company He Founded](#)

"After applying for black lung benefits, Robert Murray, founder and former president of the now-bankrupt coal company Murray Energy Corp., announced he was leaving the business after more than 60 years in the industry."

Why this is important: Bob Murray, who recently turned 80, has announced his retirement after 60 years in the coal industry. Murray founded Murray Energy in 1988. It recently emerged from bankruptcy as American Consolidated Natural Resources ("ACNR") and is the largest privately held underground coal company in the U.S. Murray was Chairman of the Board of ACNR and now will be Chair Emeritus. --- [Mark E. Heath](#)

● [Let Elon Musk Go Giga: A U.K. Upstart Says Microfactories are the Profitable Way to Build Electric Vehicles](#)

"Sprawling, multibillion-dollar auto plants, whether they build Fords or Teslas, are too costly and inflexible for fast-changing markets and the shift to electricity, according to Sverdlov."

Why this is important: Elon Musk intends to go big or go home with Tesla. Denis Sverdlov of Arrival believes there is room for small, nimble plants to produce electric vehicles on a smaller basis, largely for business fleets of vans and buses. If he can be successful with a boutique approach to EV production, he's likely to have imitators. One problem with many small manufacturers would be the problems posed by many different proprietary batteries and power trains, resulting in difficulties finding repair facilities. If there is some standardization in batteries and systems, the prospects for small EV car companies would be much better. --- [David L. Yaussy](#)

● Coal Finds a Surprising 2020 Bright Spot in Europe

"Power plants started to burn more thermal coal over the summer and fall, responding to a steep rise in the price of natural gas."

Why this is important: In a surprise move, coal usage for electrical power generation is up in Europe. Worldwide coal usage is down 7 percent in 2020, but higher natural gas prices have increased coal usage for power generation in Europe. The demand change has caused coal prices there to rise 50 percent since the spring to \$57.77 a metric ton. --- [Mark E. Heath](#)

● Energy Question of the Week

Last Week's Question and Results

Should the U.S. increase CAFÉ standards for passenger vehicles and light trucks?

Yes, strongly support - 24%
Yes, moderately support - 8%
Neutral - 16%
No, moderately oppose - 20%
No, strongly oppose - 24%
Do not know - 8%

How do you rate your overall energy consumption?

Significantly higher than average

Select

Moderately higher than average

Select

Average

Select

Moderately below average

Select

Significantly below average

Select

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

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Responsible Attorney: Michael J. Basile, 800-967-8251