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Volume 5, Issue 19

● [Welcome](#)



Welcome to Volume 5, Issue 19 of *Currents*. There were quite a few big energy news stories this week. We looked at several and explained why they were important. Do you agree or disagree with our assessments? Feel free to [let us know](#).

As always, thank you for reading.

[Nicholas S. Preservati](#)

Co-Chair, Energy Practice Group

● [A Bad Day for Big Oil](#)

"ExxonMobil, Chevron lose key shareholder votes and Dutch court orders Shell to cut emissions faster."

Why this is important: Issues related to climate change embroiled three oil companies this week. Shareholders of ExxonMobil rejected management recommended directors and voted in two independent directors with other races too close to call in two other board seats. The shareholders want the energy giant to better address climate change, and both groups spent millions of dollars in the voting campaign. At Chevron, 61 percent of its shareholders approved a motion for the company to develop plans to cut its greenhouse gas emissions, including its customers' emissions. And, a court in the Netherlands ordered Royal Dutch Shell to cut its greenhouse gas emissions 45 percent from 2019 levels by 2030. The ExxonMobil and Chevron developments are highly unusual as big investor shareholders typically follow management recommendations and vote down these types of motions and alternate Board of Director candidates. Issues involving climate change continue to reverberate around the entire world's economy.

--- [Mark E. Heath](#)

● [Biden-Trudeau are Putting at Risk Our Valuable Cross-Border Energy Relationship](#)

"Given these joint benefits, oil and natural gas infrastructure expansion should be an obvious priority for new U.S. federal infrastructure investment and for the government of Canada in its economic recovery planning."

Why this is important: Cross-border petroleum trade between Canada and the United States generates \$101 billion in annual revenue. For Canada, the cross border trade in petroleum accounts for 22 percent of all Canadian exports. For these reasons, the United States and Canada should prioritize investments in pipeline infrastructure, which will be necessary to sustain oil trade and, frankly, North America's oil independence. Nonetheless, the Biden administration has taken steps to halt completion of the Keystone XL pipeline, which places uncertainty in a critical market. --- [Bryan S. Neft](#)

● [Phasing Out Coal from U.S. Electricity Increasingly a Regional Challenge](#)

"Even so, coal generated 19.3 percent of the country's power, roughly the same as nuclear power (19.7 percent), and almost twice as much as the electricity generated by wind and solar."

Why this is important: This article from the Center for Strategic & International Studies properly recognizes that coal as a source of energy generation in the United States is concentrated geographically in areas such as West Virginia. Decisions as to whether and how to decarbonize must recognize and address state-by-state differences in the reliance on coal. --- [Carrie H. Grundmann](#)

● [SEC Climate Disclosure Push Brings Corporate Lobbying Flood](#)

"More than 20 companies, business groups, and other organizations have met with the SEC this year as the agency considers mandatory disclosures on climate risks and other environmental, social, and governance matters."

Why this is important: Many of the corporations that would be subject to the mandatory ESG reporting requirement have yet to enact ESG protocols. If the SEC does make ESG disclosures mandatory, these corporations will have two choices. They can either report that they have no such protocols in place, which will negatively affect shareholder sentiment and the corporation's stock value, or they can rush to enact ESG protocols. Given that the World Economic Forum has identified 21 core metrics and 34 expanded metrics that should be measured, corporations should begin the comprehensive process of developing their own ESG protocols before the SEC makes the proposed reporting requirements mandatory. --- [Nicholas S. Preservati](#)

● [Project Will Burn Ammonia with Coal to Cut Emissions](#)

"The companies said it will be the world's first major project to develop technology to enable co-firing a significant amount of ammonia at a large-scale commercial coal-fired plant."

Why this is important: Japan plans to convert one unit at a coal-fired electrical generation plant to burn coal and ammonia together to reduce CO2 emissions. When burned, ammonia does not emit any CO2. The plant plans a four-year test beginning in June 2021 and will burn up to 20 percent ammonia in the unit with 80 percent coal. The switch to ammonia will cost about 20 percent more in fuel than just burning coal. The test is important as countries worldwide look for ways to reduce CO2 emissions in electrical generation while still using coal. --- [Mark E. Heath](#)

● [The Colonial Pipeline Attack Should be a Wake-Up Call for Hardening Our Cyber Defenses](#)

"Its critical and highly vulnerable infrastructure under attack, the U.S. was in an incident-response phase to the right of boom."

Why this is important: The FBI confirmed that Darkside ransomware was responsible for the recent shutdown of the Colonial Pipeline, the largest fuel pipeline in the United States. Colonial paid a ransom of \$5 million to reopen its computer systems in order to restart the flow of fuel. The shutdown is just the most recent attack on critical infrastructure in the United States and begs for a solution. Many companies are continuously trapped by malware, forcing them to pay ransom to criminal enterprises to reopen their systems. Colonial is currently investigating the source of the malware and how it was released in its systems. Solutions to cyberattacks should include detection and prevention of threats, proper methods of deterrence that meet such attacks with significant counterattacks, and holding nations accountable for giving safe haven to cyberattackers. Companies also need to be prepared with necessary backup systems in case of attack and appropriate training of employees to ensure there is no negligent opening of company systems. --- [Bryan S. Neft](#)

● [The IEA's Seven Key Pillars of Decarbonization](#)

"The International Energy Agency released a new report detailing the steps that would be required to get the world to net-zero carbon emissions (NZE) by 2050."

Why this is important: There is a potential inconsistency in the IEA's report regarding the development of fossil fuels and the use of carbon capture and storage ("CCS") technology. CCS technology would capture the CO2 from coal- and natural gas-fired power plants and is identified as one of the seven key pillars of decarbonization. The IEA report acknowledges that the global storage capacity for CO2 is well in excess of what is required to reach NZE by 2050. Despite this, the IEA states that it is critical that no more oil and gas fields are developed and that no more coal-fired power plants are built. The flaw in the IEA's analysis is that decarbonizing energy production and achieving NZE are not the same thing. With the use of CCS, it is possible to reach NZE without decarbonizing energy production and without abandoning fossil fuels. --- [Nicholas S. Preservati](#)

● [Richest Nations to End Support for Coal Production Overseas](#)

"After nearly two days of wrangling at a meeting of the G7 environment and energy ministers, hosted virtually by the U.K., all reaffirmed their commitment to limiting global heating to 1.5 C, and committed to phasing out coal and fully decarbonizing their energy sectors in the 2030s."

Why this is important: A meeting of the G7 environment and energy ministers, hosted last week virtually, has agreed to end the financing and support of coal-fired electrical generation projects worldwide at the end of this year, unless the plants have a CO2 capture system. China and Japan joined the G7 in pledging not to finance any unabated coal-fired plants after this year. South Korea, the other major country to finance coal-fired power plants in other countries, already has agreed to end such

financing. The G7 – the U.S., U.K., France, EU, Italy, Germany and Canada, also committed to phase out coal and fully decarbonize by 2030. Earlier this month, the International Energy Agency stated the development of fossil fuels must stop this year to meet the Paris Climate Accord aspirational goal of only a 1.5 Celsius rise in the earth's temperature. The U.S. envoy to the meeting, John Kerry, pledged the U.S. would work toward the 1.5 Celsius goal. Scientists believe the 1.5 goal requires a cut of CO2 emissions in half by 2030 and to net zero by 2050. Kerry pledged the U.S. would phase out unabated coal-fired power plants going forward. That would mean existing plants would close in the future or add CO2 capture systems. Last year, worldwide CO2 levels plummeted in the COVID-19 economic slowdown, but this year has brought record increases in CO2 emissions worldwide. --- [Mark E. Heath](#)

● [Google, Microsoft, Other Companies Pursue New Certification to Back 24/7 Clean Energy Claims](#)

"More than 100 companies are pursuing goals for their energy consumption of around-the-clock clean energy."

Why this is important: To truly become 100 percent renewable, companies will need to be supplied by renewable power for all hours of the day as opposed to procuring power equal to their 100 percent load. This is presently difficult due to the lack of storage solutions and intermittency of renewable generation. To understand where the gaps exist, this article discusses a new global initiative aimed at identifying where new renewable resources and storage solutions need to be sited to achieve decarbonization and renewable energy through all hours of the day. --- [Carrie H. Grundmann](#)

● [US Coal Jobs Continue to Dwindle in Q1'21 Despite Production Rebound](#)

"While coal production during the first quarter of this year remained 6.0% below levels seen in the same period in 2020, it continued a recovery off of a historic low in the second quarter of 2020."

Why this is important: While U.S. coal production is rebounding slightly as the economy recovers, the number of miners mining that coal continues to decline. Current 2021 estimates are 39,507 miners are actively employed, down 57.7 percent from 2012 figures. The trend follows U.S. coal production. The U.S. mined 534 million tons in 2020, the lowest total since 1965, and is expected to mine 548 million tons this year. But both years are significantly down from 2018, when the U.S. mined 706 million tons. While production of metallurgical coal used in steel making is increasing, the amount of steam coal continues to decline. The U.S. mined 559 million tons of thermal coal in 2019, but only 464 million tons of thermal coal in 2020. The number will decline to 460 million tons this year. Kentucky just announced similar statewide numbers. The number of miners in the Bluegrass State is now 3,983 for both its eastern and western coal fields. In 2009, 19,319 miners were employed in Kentucky. --- [Mark E. Heath](#)

● [Energy Question of the Week](#)

Last Issue's Question and Results

Has your employer enacted ESG Protocols (Environmental, Social & Governance)?

Yes - 22.2%
No, but plans to do so - 20.4%
No, and no plans to do so - 20.4%
Do not know - 18.5%
Other - 18.5%

What is the most effective way to lower CO2 emissions?

Increase energy efficiency

Select

Change consumer behavior

Select

Increase renewable energy use

Select

Carbon capture and storage

Select

Other

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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