



Issue 32, 2019

● [Iraq Would Face 'Wrath of U.S.' if Oil Pipeline Projects with Iran Go Ahead](#)

"Washington would do anything to prevent an Iran-Iraq oil pipeline from ever being built, even if the Europeans were in favor, policy researchers told RT."

Why this is important: The Iraqi government has taken some steps to develop or restore oil pipelines that could allow Iran to export its oil to countries such as Syria. Policy researchers believe the United States would strongly oppose such efforts as it would not be in "U.S.'s interest to have a pipeline that would be independent from them and their allies in the Persian Gulf." Although it is not clear what steps the United States would take, these actions tend to highlight the continued volatility of the region and might spur further instability in Iraq, Iran and neighboring countries. --- [Bryan S. Neft](#)

● [Energy's Future - Battery and Storage Technologies](#)

"And they are critical for any success in a carbon-constrained world that uses intermittent sources like solar and wind, or that worries about resilience in the face of natural disasters and malicious attempts at sabotage."

Why this is important: To the extent there is a will to take full advantage of the energy produced by renewable resources, the article conveys we must develop viable technologies to store the power produced by these resources for use when these resources cannot produce power, i.e., when there is no sun or wind, or in situations when these resources are producing more power than is needed, such as in the middle of a sunny "non-peak" usage day. At present, however, batteries use more energy than they can store. The author argues that continued investment in and development of viable battery storage options is the key to fully harnessing renewable energy at cost effective levels. Only in this way can these resources provide net benefits to electric consumers. --- [Carrie H. Grundmann](#)

● [Russia Announces Plans for Coal-Digging Surge](#)

"Despite the climate crisis and environmental concerns, the country says it aims for a big dig of the carbon-rich rock. Much of it will be extracted in new Arctic fields."

Why this is important: Russia understands that energy has been a cornerstone of global geopolitics, contributing to the rise of great powers as well as the emergence of wars and conflicts. As Simone Tagliapietra recognized, "every international order in modern history has been based on an energy resource." Russia is investing heavily in coal despite the international push to combat climate change because it views the trend towards green energy as an existential threat to its status as a global energy superpower. --- [Nicholas S. Preservati](#)

● [Coal's Last Hope: Carbon Capture Tech](#)

"Leaving aside the question of whether past (not fully depreciated) power plant investment should influence future decisions (the sunk cost issue), the real policy question is: what are we doing-limiting greenhouse gas emissions at the lowest possible cost or saving the coal industry?"

Why this is important: Coal usage to generate electricity continues to fall as it is displaced by cheaper natural gas and competition from other fuels and sources. The industry and the Trump administration want to sequester carbon emissions to allow coal to compete with lower emission fuels.

The idea is being proposed to aid a New Mexico plant that is under heavy economic pressure to close. However, to date, sequestration on a large scale has not worked. The Southern Company spent \$7 billion on its Kemper lignite plant in Mississippi that sought to capture carbon dioxide emissions and use them in the oil industry. After numerous attempts to get the plant to work, it was converted to natural gas. Also, the cost is holding back carbon capture. The cost to produce electricity at a coal plant with carbon capture is 9.6 cents per kilowatt. The cost to operate solar panels with storage is 2.5 cents and wind turbines with storage is 2.1 cents per kilowatt. That means there would likely be a need for significant government subsidies to make carbon capture in coal plants a reality. --- [Mark E. Heath](#)

● [Trump, on Climate, Says He Won't Jeopardize U.S. Wealth on 'Dreams'](#)

"U.S. President Donald Trump, responding to a question about climate change after skipping a G7 session on the issue, said American wealth is based on energy and he will not jeopardize that for dreams and windmills."

Why this is important: It is no coincidence that President Trump's comments in this article mirror Vladimir Putin's comments in the above Russian coal article. President Trump acknowledges he is concerned that significant climate regulation will threaten the U.S.'s status as the world's top energy producer. What proponents and opponents of climate change regulation need to acknowledge is that while not taking action against climate change will create real issues for national security, taking action against climate change will create equally substantial national security issues. --- [Nicholas S. Preservati](#)

● [Toll of Trump's Trade War Starting to Show in Oil Industry](#)

"The trade war has now effectively cut off the U.S., the world's top oil and gas producer, from the most coveted market in the world for energy suppliers."

Why this is important: The trade war between the United States and China has already caused a significant reduction in U.S. exports of liquefied natural gas and liquefied petroleum gas to China. However, industry leaders are beginning to sound alarms this trade war may threaten U.S. energy leadership and global competitiveness if other countries seek to retaliate against the industry. Shale gas sales in the United States have peaked, which means the industry needs to export more of its production. Moreover, with China expected to account for more than 40 percent of global gas demand, U.S. access to that market is critical. Finally, the trade war may lead to a global downturn, which would contract the demand for oil. Oil prices already have decreased on the basis of that threat. --- [Bryan S. Neft](#)

● [Over 40 Percent of U.S. Coal is Supplied by 16 Powder River Basin Mines](#)

"Four companies collectively own more than half of those PRB mines, and those 10 mines produced 87 percent of the Basin's coal in 2018."

Why this is important: The Powder River Basin coal market continues to experience strong market pressures. The Basin, which is primarily in northeastern Wyoming and western Montana, has seen its production drop from a high of 496 million tons in 2008 to 324 million tons in 2018. The Energy Information Agency reports its mines can produce another 150 million tons for a potential production of 476 million tons, but are not mining coal as there is not a market for it. PRB production is still 40 percent of U.S. production from 16 mines. Four companies account for over half of the PRB production. Two of those, Cloud Peak and Blackjewel, are in bankruptcy, and the other two, Arch and Peabody, are combining their mines into a joint venture. The decline in coal for electrical production has produced problems for the PRB. Coal-fired plants produced 28 percent of U.S. electricity in 2018, but that number is expected to drop to 24 percent in 2019 and 2020 with additional power plant closures. The other factor is the lower BTU for PRB coal makes the coal hard to export. The region exported only 7.7 million tons last year--2 percent of its production. EIA is now predicting a further 12 percent decline in western coal production (PRB and Colorado) by 2020. --- [Mark E. Heath](#)

● [Colorado Joins California in Requiring Automakers to Sell More Electric Cars](#)

"Colorado has become the 11th state to adopt California's zero-emission-vehicle mandate forcing automakers to sell more electric cars in the state."

Why this is important: Electrical vehicles may be the perfect bridge between climate change regulation and national security concerns associated with the U.S.'s status as a global energy superpower. EV's will help lower CO2 emissions by replacing the combustion-engine vehicle, which is now the single largest global contributor of CO2 emissions. EV's will also alleviate the need for foreign oil while increasing the need for local natural gas and coal-fired power generation. --- [Nicholas S. Preservati](#)

● [China's Tariffs on U.S. Commodities and Energy](#)

"In the escalating China-U.S. trade war Beijing retaliated with tariffs on about \$75 billion worth of U.S. goods including imposing additional tariffs on crude oil for the first time."

Why this is important: The article demonstrates the adverse effects of the trade war between the United States and China by highlighting the drop in exports of U.S. products to China in crude oil, propane, liquefied natural gas and scrap metal. A predicted decline in exports also is expected with pork, soybeans and methanol. The article attempts to show the wide-ranging adverse impacts of the trade war on U.S. industries. --- [Bryan S. Neft](#)

● [China's July Thermal Coal Imports Jump 20 Percent on Year](#)

"Month-on-month, China's thermal coal import volume was up by about 23 percent from 19.84 million mt in June, the data showed."

Why this is important: China imported 4 million more tons of steam coal in July, 24.4 million metric tons, which is a 20 percent increase from a year ago. The country is on pace to import 281 million tons this year--the same number as 2018. In metallurgical coal, China imported 7.75 metric tons in July, an 18 percent increase. The article notes the increases could be attempts to get ahead of Chinese import quotas later in the year. With the softening domestic market for U.S. steam coal, exports continue to play a greater role for U.S. producers. --- [Mark E. Heath](#)

● [EIA Energy Statistics](#)

Here is a round-up of the latest statistics concerning the energy industry.

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Weekly Coal Production

RENEWABLES

Short-Term Energy Outlook

Monthly Biodiesel Production Report

Monthly Densified Biomass Fuel Report

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