

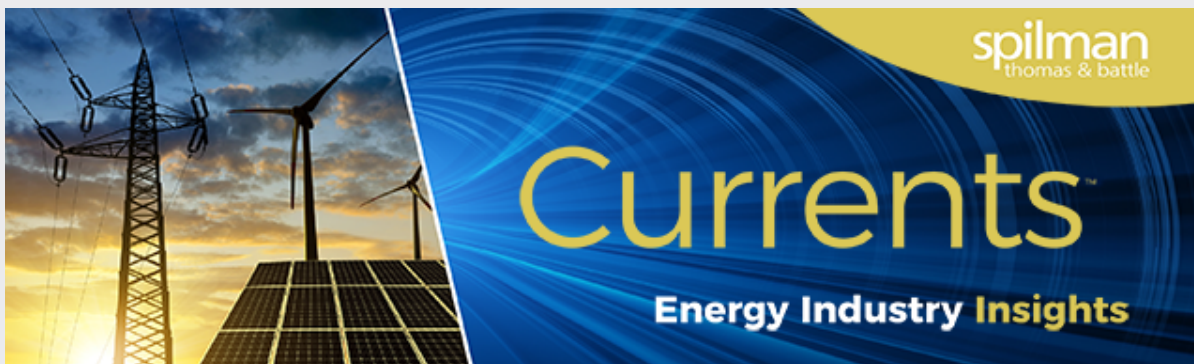
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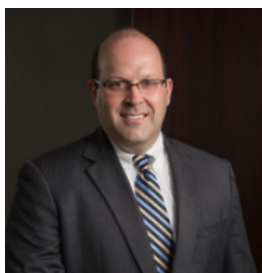


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Issue 44, 2020

● **Welcome**



Welcome to *Currents*, our weekly publication providing insights to the latest energy news and U.S. EIA statistics.

Currents is different from other e-newsletters in that it not only provides current energy articles, it also explains the significance of every article. Each article is reviewed by one of Spilman's energy lawyers, who then provides a succinct summary of why the article is important and how it may affect the energy sector.

If there are topics of interest that you would like to see covered in greater detail, please [contact us](#). We thank you for your interest in *Currents* and we invite you to participate in the Currents Energy Question of the Week found below.

[Nicholas S. Preservati](#)
Co-Chair, Energy Practice Group

● **[New Law Pushes Appalachian Power Toward More Renewable Energy](#)**

"Appalachian — which for years has relied heavily on coal and more recently natural gas to serve about 500,000 western Virginia customers — will acquire 210 megawatts of solar power and 200 megawatts of wind power over the next five years."

Why this is important: The article addresses Appalachian Power Company's recent announcement and filing to pursue the acquisition and development of renewable generation resources, particularly wind and solar assets, for its Virginia jurisdiction. This has been spurred by legislation in Virginia requiring APCo to be carbon-free by 2050, but it is also consistent with broader pronouncements by AEP to move away from its historic fossil fuel-based generation fleet toward a "clean energy future." As the article notes, however, APCo might not have been so quick to pursue renewable power options but for the new statute in Virginia. Of course, APCo also seeks to recover the cost of new renewable assets from its ratepayers, and the article notes that APCo's filing projects that customer rates will increase by 3.5 percent. Similar but more limited cost recovery legislation exists in APCo's other jurisdiction, West Virginia, where the company issued a solar RFP earlier this year. --- [Derrick Price Williamson](#)

● [Roberts Admits Biden-Harris Administration Won't be Easy for Coal](#)

"Roberts noted the Trump Administration has been friendly to the industry and has advocated coal production, but even still, miners have lost their jobs and coal production has dropped drastically, especially in 2020."

Why this is important: United Mine Workers of America President Cecil Roberts has acknowledged coal may not have an easy time under the new Biden administration as the administration focuses on climate change. Roberts stated that even with President Trump supporting coal, many mines and coal-fired electrical generation plants closed the past four years and the 2020 downturn has led to less power being generated. He noted Trump's efforts to keep coal production in the marketplace has not happened and even metallurgical coal has struggled with decreased steel demand. Roberts says he has talked with President-elect Biden on the need for new jobs in Appalachia. --- [Mark E. Heath](#)

● [U.S. Nuclear Industry Group Sees Reprocessing as Potential Nuclear Waste Fix](#)

"The technology 'would be really closing the fuel cycle in a very useful way' because it squeezes more energy from the waste that cannot be used when it is disposed permanently."

Why this is important: Nuclear waste is building up around the country, and there is no permanent waste depository in sight. Yucca Mountain was built with nuclear waste storage in mind, but local opposition makes its use unlikely in the near future. One option is to reprocess nuclear waste so that some of it can be re-used as fuel. This hasn't been done in years in the U.S., because of concerns about nuclear proliferation, but is regularly done in France, which relies heavily on nuclear power. --- [David L. Yaussy](#)

● [Why NASA Wants to Put a Nuclear Power Plant on the Moon](#)

"The goal is to have a flight system, lander and reactor ready to launch by 2026."

Why this is important: While this may sound like the opening scene of a disaster movie (Bruce Willis comes to mind), the development of power sources beyond Earth could lead to expansive exploration projects and the establishment of human outposts. A 2026 launch seems hard to imagine, but project heads are optimistic that they will be able to utilize years of R&D on advanced fuels and materials and recent successes in the field of commercial space transportation to meet the scheduled launch date. --- [Joseph C. Unger](#)

● [Court Denies DEP's Motion to Dismiss Case that Raises Coal Mine Reclamation Concerns](#)

"The Ohio River Environmental Coalition, the West Virginia Highlands Conservancy and the Sierra Club claim the state Department of Environmental Protection violated its duty to inform the feds of a substantial change in its special reclamation fund."

Why this is important: A federal judge has refused to dismiss a case brought by environmental groups over the way the surface coal mining reclamation bond program is being operated by the West Virginia Division of Environmental Protection. The suit alleges that the state has failed to notify federal authorities that some mining permit holders in the state are insolvent and focuses on the March 2020 closing of the ERP Environmental Fund. It holds over 100 Patriot Coal permits with reclamation liabilities alleged to total over \$230 million. With numerous coal producers stressed economically in 2020, this case will be watched closely. --- [Mark E. Heath](#)

● [Diesel Engine Giant Cummins Plans Hydrogen Future—With Trains Coming Before Trucks](#)

"And while its core market is trucks, trains and buses look like a bigger commercial opportunity in the near term."

Why this is important: Cummins' plan to use hydrogen to power non-light duty vehicles such as trains, buses and heavy trucks ("NLDVs") is a critical step in de-carbonizing the transportation sector. NLDVs account for 45 percent of total energy consumption in the transportation sector. By using hydrogen, a non-GHG and the most abundant element in the universe to replace diesel fuel, Cummins is using a scientific approach to solve a scientific problem. However, the biggest obstacle for Cummins' plan is not scientific, but economic. Hydrogen-based transportation requires significant pipeline infrastructure and current natural gas pipelines cannot be used to meet this need. Unlike gasoline, transporting hydrogen by tanker truck is cost prohibitive. Therefore, Cummins must solve this economic problem before it can implement its plan on a wide-scale basis. --- [Nicholas S. Preservati](#)

● [Owner Makes Deal to Sell Cumberland Mine](#)

"Bristol, Tenn.-based Contura will pay Iron Senergy \$20 million in cash and \$30 million as collateral for reclamation bonds needed to seal the deal, which is expected to occur by year's end."

Why this is important: Contura Energy has announced that it has sold its Cumberland Mine in Pennsylvania. Many U.S. coal producers continue to sell or close steam coal mines in favor of focusing on mining metallurgical coal. The Cumberland Mine and a nearby idled mine were sold to Iron Senergy Holding, LLC. Contura is paying the buyer \$20 million in cash and \$30 million in reclamation liabilities to buy the mines. The 700 miners at the Cumberland operation had been told by Contura that it would sell or close the mine by 2022. --- [Mark E. Heath](#)

● [UK Energy Companies Plan Massive Undersea HVDC Cable from Scotland to Britain](#)

"The so-called Eastern Link will carry up to 2 GW of electricity via some of the longest high voltage undersea cables in the world."

Why this is important: Wind generation, particularly off-shore installations, often occurs far from the population centers that need the power. Long distance AC transportation loses significant amounts of power, so the electricity is more effectively converted to DC and conveyed in that form over long spans. This project would bring power from windy Scottish seas to the more populous English south through a large direct current voltage line, where it would be re-converted to alternating current AC to power British homes. --- [David L. Yaussy](#)

● [Green Deal: Good for a Climate-Neutral Europe - Bad for the Planet](#)

"Import of millions of tons of cereal and meat every year undermines EU agricultural standards - damage to the environment is outsourced."

Why this is important: This article highlights not only the difficulty of reducing GHG emissions in complex economies, it reveals how some entities are simply shifting emissions to other locations under plans that were meant to actually reduce emissions. For example, the EU's "Green Deal" will lower emissions caused by the European agriculture sector, but will cause an increase in emissions outside of Europe. This is akin to China's pledge to become carbon neutral by 2060. While China may be able to accomplish carbon neutrality within its own border, its "Road and Belt" program is set to finance the construction of more than 300 new coal-fired power plants throughout Asia and parts of Europe. Therefore, such carbon-neutrality plans need to be analyzed for their global effect on emissions and not just their localized effect. --- [Nicholas S. Preservati](#)

● [Talen Energy to Stop Burning Coal at Montour Facility by End of 2025](#)

"In a company announcement, Talen said it plans to eliminate the use of coal by 2025 at its wholly-owned fossil fleet facilities, which in addition to the Montour power plant, also includes its Brandon Shores and H.A. Wagner coal generation facilities in Maryland by 2025."

Why this is important: Talen Energy is the latest power company to announce plans to close coal-fired electrical generation plants. Talen announced it will close its Montour Power Plant in Pennsylvania by 2025 and also close the Brandon Shore and H.A. Wagner coal-fired electrical generation plants in Maryland on the same time schedule. The company previously announced the closure of its Bruner Island coal-fired generation plant in Pennsylvania. The four plants represent 5 GW of coal-fired electrical generation, 30 percent of Talen's generating capacity. Talen announced that by 2025 when it stops using coal, it will replace the closing generation with renewables, battery storage and run the closed plants on alternative fuels. It also plans to build a 100 MW solar farm on land next to the closing Montour plant. --- [Mark E. Heath](#)

● [Hydrogen Could be Heating Homes in Three Years](#)

"That would mean that by 2023, 20pc of the gas in pipelines across the country would actually be made up of hydrogen."

Why this is important: This commitment to hydrogen is a step in the right direction for the U.K.'s plan to diversify its renewable energy options. The expansion of hydrogen utilization could have a bumpy start though, because the two ways to make hydrogen are currently two to four times more expensive than natural gas. However, short-term government subsidies and further developments in hydrogen generation could lead to price declines down the road. --- [Joseph C. Unger](#)

● [Xcel Energy's Harrington Station to Go Off Coal by 2025](#)

"The decision to convert the plant from coal to natural gas was made in concert with the Texas Commission on Environmental Quality, which is seeking to keep Potter County, where Harrington is located, in attainment with air quality standards that limit combined sulfur dioxide emissions from multiple sources."

Why this is important: Xcel Energy has announced its Harrington Generating Station near Amarillo, Texas will cease burning coal on January 1, 2025. The 1,018 MW plant's three generation units will switch to natural gas and supplement wind generation. The only other coal-fired electrical generation plant in this part of Texas, the Tolk Plant, will cease burning coal in 2032. This area recently got more than 50 percent of its power from coal. The region now generates power with 25 percent coal, 47 natural gas, 26 percent wind power and 2 percent solar. --- [Mark E. Heath](#)

● Energy Question of the Week

Last Week's Question and Results

At what temperature do you set your home thermostat?

67 degrees or below - 24.1%
68-69 - 24.1%
70-71 - 24.1%
72 or above - 24.1%
Do not know - 3.4%

What wattage of light bulb do you typically purchase for your home?

100w (LED 18w)

Select

75w (LED 13w)

Select

60w (LED 10w)

Select

40w (LED 9w)

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

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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