

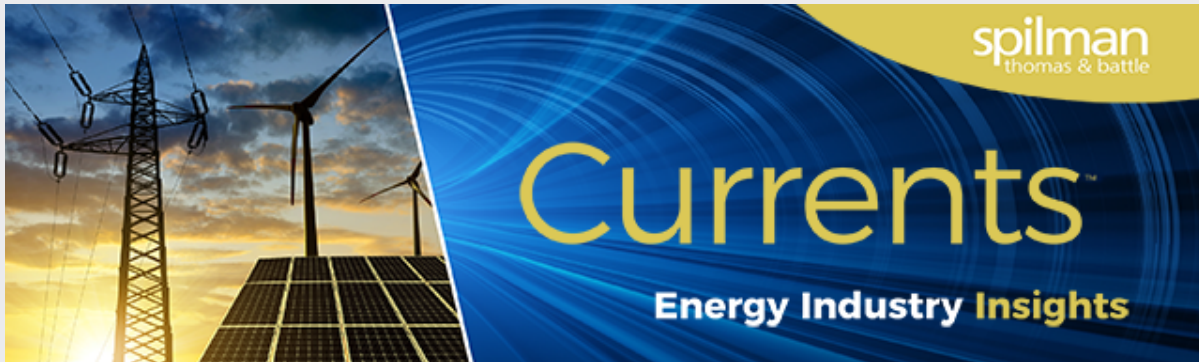
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Volume 5, Issue 26

● Welcome



Welcome to Volume 5, Issue 26 of *Currents*. In each issue, our authors give their insights on the articles and hot topics that interest them the most. But we'd like to know -- are our interests the same as yours? What energy or environmental topics would you like us to write more about? We appreciate your [feedback](#) and your continued readership of *Currents*.

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

● [As U.S. Retreats, China Looks to Back Taliban with Afghan Mining Investments](#)

"While the Taliban takes stock of the natural resources and U.S.-funded infrastructure now at their disposal, strategic competitors including China and Russia will eye lucrative development projects that boost their regional ambitions."

Why this is important: Unless you are a government contractor, investments in a failed state typically do not pan out well. Afghanistan holds an estimated 1.4 million tons of rare earth elements, minerals crucial for the production of renewable energy technology, but it will be difficult to gauge the security risks inherent in dealings with a failed state controlled by a religious fundamentalist terrorist organization.
--- [Joseph C. Unger](#)

● [‘Perfect Storm’ Leads to Coal Rebound](#)

"While countries have been shifting away from coal for years, use in the United States, Europe and China has grown recently as businesses restart operations from a pandemic-related pause."

Why this is important: The U.S. coal industry is seeing a rebound in coal production, sales and use as the U.S. economy continues to grow stronger. Currently, production and pricing have increased with steam coal at \$61.71 a ton and metallurgical coal at \$113.93, according to the Energy Information Agency ("EIA"). Coal is rebounding in Asia, Europe and North America. Some of the increases have been fueled by high natural gas prices that led to increased coal use to generate electricity. Despite the increases, EIA notes last year coal provided 19 percent of America's electricity while renewables totaled 21 percent, and the renewable percentage is growing. --- [Mark E. Heath](#)

● [FERC's Chatterjee Questions Clean Energy Standard, Says Carbon Pricing Could Unify US Energy Policy](#)

"But with the polarization surrounding current discussions of federal clean energy standards, he said he is feeling agitated about FERC's ability to maintain that stability if Congress takes partisan action on climate change."

Why this is important: Coordination and implementation of state clean energy standards presents a problem for national regulatory bodies like the FERC. Without a coherent national strategy, it may be difficult to develop the right balance between clean intermittent energy from renewables and reliable (meaning hydro, fossil fuel and nuclear) generation sources. One possibility is a national carbon price that would provide more of a free market push toward renewables. Another is the command-and-control approach that is apparently in the Democratic infrastructure bill, which would impose a clean energy standard and determine what power generating sources would be allowed. --- [David L. Yaussy](#)

● [API Updates Pipeline Cybersecurity Standard](#)

"The update, which has been in development since 2017, is said to be a result of expert input from more than 70 organizations."

Why this is important: In July 2021, the White House published a memorandum calling for improvements in cybersecurity for critical infrastructure control systems. The memorandum, which came on the heels of the cyberattack on the Colonial Pipeline, emphasized that cybersecurity threats to the country's critical infrastructure "are among the most significant and growing issues confronting the nation." The American Petroleum Institute may have answered the White House's call, publishing an updated version of its cybersecurity standard for pipelines that has been in process since 2017 and which it states "provides a comprehensive approach to cyber defense for critical infrastructure." API's new standard expands the scope of its prior standard and provides a model that, while providing security, also provides operators with a degree of flexibility to adapt to the evolving threats critical infrastructure faces. It also expressly provides guidance for isolating control systems from non-control systems. The standard didn't arrive a moment too soon as critical infrastructure control systems are more frequently becoming targets of ransomware and other attacks while also becoming more vulnerable to those attacks due to their dependence on automation and remote connectivity. --- [Nicholas P. Mooney II](#)

● [U.S. Imposes Limited Sanctions Over Russian Gas Pipeline](#)

"The move comes as lawmakers from both parties criticize the administration for not doing enough to halt the Nord Stream 2 project."

Why this is important: In 2018, more than 60 percent of Russia's crude oil and natural gas exports went to Europe, and it is estimated that Russia currently provides around 40 percent of Germany's natural gas imports. With the Nord Stream 2 pipeline nearing completion, that figure certainly will rise. It is unlikely that the international cooperation required to impose meaningful sanctions will materialize to halt the \$11 billion project, despite the ramifications inherent in increasing dependence on Russia. --- [Joseph C. Unger](#)

● [Biden Administration to Review Climate Impacts of Federal Coal Leases](#)

"In a notice posted on a government web site, Interior's U.S. Bureau of Land Management said it would accept public comments on the coal leasing program for 30 days."

Why this is important: The Biden administration is restarting a review of coal leases on federal lands that was started during the Obama administration. As the current administration looks to curtail greenhouse gases to combat global warming, it is looking at ways to reduce use of fossil fuels like coal. Coal mined on federal lands, primarily in Montana and Wyoming, produced \$377 million in revenue for the U.S. government last year, but that is down from \$1 billion in 2015 as renewables and natural gas have displaced coal for electric generation. --- [Mark E. Heath](#)

● [Touted as Clean, 'Blue' Hydrogen May be Worse Than Gas, Coal, Researchers Say](#)

"The carbon footprint to create blue hydrogen is more than 20% greater than using either natural gas or coal directly for heat, or about 60% greater than using diesel oil for heat."

Why this is important: "Blue" hydrogen production involves stripping hydrogen atoms from methane and sequestering underground the carbon that is left behind in the form of carbon dioxide. In concept, it is more environmentally sustainable than simply burning the methane for heat and power. In practice, it appears to generate significant additional carbon dioxide emissions because of the power needed to run the process and then sequester the carbon. --- [David L. Yaussy](#)

● [China Faces Winter Warnings as Coal Demand Grows](#)

"Analysts say record coal and natural gas prices may lead to power shortages in months ahead."

Why this is important: Experts worry China will face energy shortages next winter as hot summers and cold winters are dropping energy supplies and increasing prices around the world. In many places, hot summers have reduced stored natural gas by 20 to 30 percent from typical levels. The need for energy in China has grown markedly as its economy recovers from the COVID-19 pandemic. That means it is burning gas and coal needed for winter energy needs and in the last year, stockpiles are down 26 percent. Further, with increases in coal and gas prices, many electric generation plants are uneconomical in the current market. In addition, prices for both have risen as production declined. Currently, China gets 56.8 percent of its energy from coal, despite world pledges to reduce its greenhouse gases. --- [Mark E. Heath](#)

● [GM's \\$1.8 Billion Chevy Bolt Recall Shows Why Automakers' EV Rollouts Could be 'On Fire'](#)

"The recall comes about a month after an earlier recall of some 70,000 Bolts that were made between 2017 and 2019."

Why this is important: GM is recalling 73,000 all-electric Bolts, to go with its earlier recall of 70,000 Bolts. The batteries have a tendency to catch on fire, something seen in other EVs as well. Gasoline-powered cars also catch on fire, probably more frequently than electric ones, but lithium ion batteries burn with an intensity that is difficult to extinguish. Newer generations of batteries will have to reduce the chance of fire in order for EVs to move above their present 2-3 percent U.S. market share. --- [David L. Yaussy](#)

● Energy Question of the Week

Last Issue's Question and Results

Which part of the U.S. Senate's Infrastructure Bill is the most important?

\$73 billion - electric grid: 20%
\$65 billion - broadband: 17.3%
\$55 billion - water projects: 13.6%
\$66 billion - rail: 11.8%
\$39 billion - public transit: 11.8%
Other: 14.5%
Do not know: 10.9%

● 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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