



Issue 31, 2018

Federal Agency Halts All Work on Atlantic Coast Pipeline After Judges Revoke Permits

"The Federal Energy Regulatory Commission sent a letter to Dominion Energy, the company leading construction of the 600-mile pipeline, saying that work must stop until the permit issues can be resolved."

Why this is important: FERC has ordered a halt to all work on the Atlantic Coast Pipeline after the 4th Circuit suspended two key permits by the National Park Service and the U.S. Fish and Wildlife Service for the massive natural gas project. FERC commissioners voted 2-1 not to grant a rehearing for the overall pipeline permit even though pipeline builders said the permit issues can be readily addressed. Delaying progress on the infrastructure will force consumers and businesses to pay higher energy costs. --- [John C. \(Max\) Wilkinson](#)

China Hits U.S. Oil Products, LPG with New Tariffs but Backs Off Crude for Now

"China announced retaliatory tariffs on an additional \$16 billion worth of U.S. imports, including oil products, LPG and coal in a new list of affected goods, but leaving off widely-expected import duties on U.S. crude."

Why this is important: As the ramifications of President Trump's tariffs continue to evolve globally, Chinese imports of American crude have dropped from 14.65 million barrels in June to 6.9 million barrels last month, with projections for August to be 6 million barrels. This drop has occurred despite Chinese exclusion of crude from its latest round of retaliatory tariffs. Liquid natural gas has been targeted by Chinese authorities for an additional 25 percent tariff since August 3. However, Beijing has yet to announce its implementation. --- [Gerald E. \(Gee\) Lofstead III](#)

New Wave of Oil and Natural Gas Mega-Projects Set to Test Capital Discipline

"A new wave of oil and natural gas mega-projects lined up for approval by producers over the next 18 months will test industry hopes that cost overruns and delays on large-scale, complex upstream projects are a thing of the past, according to a report."

Why this is important: These competing economic factors affecting the international oil industry also impact the natural gas industry in the Appalachian Basin. The ongoing flat line in gas prices and competition for capital investments make short-run development decisions about the large scale investments difficult. However, the abundance of natural gas liquids in Appalachia, combined with the access to effective markets, produce an attractive area for long-term investment. The establishment of an Appalachian Storage Hub could be the catalyst for moving both domestic and international capital to the Appalachian Basin. The creation of ASH would coalesce a reliable supply of natural gas liquids, convenient location for transportation, easy access to North American markets, and the resultant stability of pricing for these constituents needed to encourage large scale investment

for the development of both upstream and downstream facilities in the region. --- [William M. Herlihy](#)

● [Energy Executives Lament Trump Tariffs as Costs Rise on Pipeline Projects](#)

"U.S. President Donald Trump's proposal to double tariffs on steel and aluminum from Turkey could push up costs even further for domestic oil and gas pipeline projects, as energy executives said they were already struggling from earlier tariff rises."

Why this is important: The effective use of tariffs requires a delicate balance between protecting industries and hurting consumers. There is concern the administration's use of tariffs to protect U.S. industries is backfiring and actually hurting industries such as the oil and gas industry. Whether these concerns are valid depends on several factors including the amount of the tariffs, the duration of the tariffs, and the extent to which other countries reciprocate with counter-tariffs. It is simply too early to tell whether the current tariffs will have long-term benefits for U.S. industries. --- [Nicholas S. Preservati](#)

● [Shipping-Fuel Rule Change Cuts Demand for Canadian Oil](#)

"New rules limiting the amount of sulfur allowed in shipping fuel is expected to cut demand for both high-sulfur fuel oil and the sour crude that yields it. In Canada, that could extend - or worsen - the biggest price slump in nearly five years."

Why this is important: Under the new International Maritime Organization ("IMO") rules going into effect in 2020, ocean-going ships worldwide will either have to install expensive, sulphur-removing scrubbers or use a fuel with 86 percent less sulfur. The resulting increase in demand for lighter crude will push more crude toward the complex North American refineries that currently turn heavy Canadian oil into higher-value fuels such as gasoline and diesel, putting downward pressure on heavy crude prices. Access to increased pipeline capacity will be key to improving competitive pricing and the diminishing heavy oil production from strife-torn Venezuela and Mexico could also help raise prices for Canada's crude. --- [John C. \(Max\) Wilkinson](#)

● [White House Expected to Tap DOE's McNamee to Fill Key FERC Seat](#)

"Filling the post quickly would lower chances some midstream natural gas infrastructure will be caught in a 2-2 split at the commission, given recent dissents on some projects."

Why this is important: The continued approval of interstate pipeline projects by FERC is essential to our nation's energy requirements, long-term reduction in carbon dioxide emissions, and the health of the domestic natural gas industry. The departure of Commissioner Robert Powelson from FERC leaves a 2-2 split at the Commission, which could further delay essential midstream pipeline projects. The proposed nomination of Bernard McNamee to fill the vacant seat on the Commission might eliminate an expected log-jam in FERC decisions about pipeline projects. --- [William M. Herlihy](#)

● [FERC Rebuffs Requests to Reconsider Approval of PennEast Pipeline](#)

"The decision, expected ever since a request was filed this past January, led to quick vows to take the issue to the federal courts where opponents believe they stand a better prospect of stopping the 118-mile project."

Why this is important: An example of the crucial need for responsible commissioners at FERC is highlighted by the decision of the Commission not to stop the continued development of the PennEast Pipeline to bring cheap shale gas to consumers in urban areas of Pennsylvania and New Jersey. The creation of this pipeline would be advantageous for consumers and help support the natural gas industry in Appalachia. The opposition to this pipeline project is not based on utility consumers' welfare, meaningful environmental impacts, or a lack of market demand. Instead, the parties trying to stop the PennEast Pipeline are simply opposed to the use of all fossil fuels without any consideration for the burden on consumers or realistic environmental effects. This sort of across the board opposition to any midstream pipeline project is an important reason to support the potential nomination of Bernard McNamee as the additional commissioner at FERC. --- [William M. Herlihy](#)

● [Top Staffer Plunges FERC into Trump's Coal, Nuclear Fight](#)

"The Federal Energy Regulatory Commission is working with Trump administration officials at the Department of Energy and

National Security Council to identify which power plants are 'critical' to the power grid, FERC Chief of Staff Anthony Pugliese told a nuclear industry group."

Why this is important: The Trump administration appears to be making good on its plans to use a wartime statute and a national security rationale to subsidize struggling coal and nuclear plants. FERC is working with DOD, DOE and NSC to identify those plants believed to be critical to ensuring military bases, hospitals and other critical infrastructure can be maintained, regardless of what natural or man-made disasters might occur. FERC is actively looking for ways to "value resilience" and ensure "baseload" 24-hour-a-day generators are kept in business. That signals support for Energy Secretary Rick Perry's push to assist coal and nuclear generation threatened with retirement. DOE has argued aging coal and nuclear plants are vital for security and reliability in the event of disaster. --- [John C. \(Max\) Wilkinson](#)

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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