

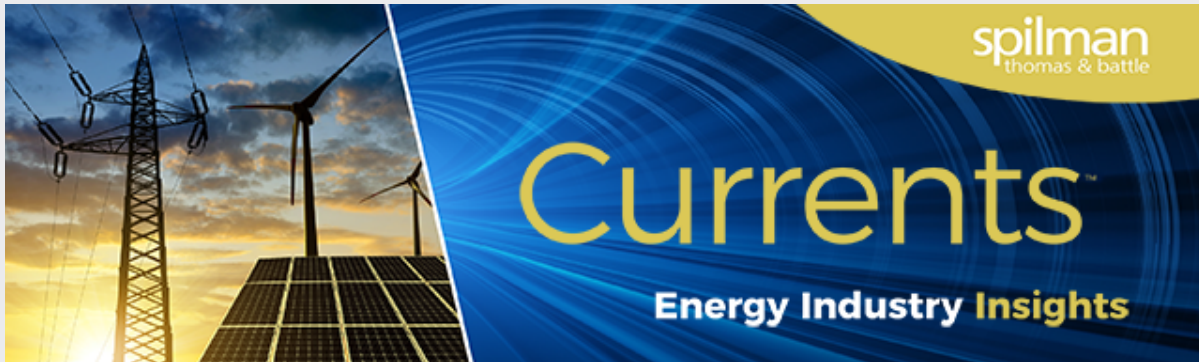
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## Volume 5, Issue 22

### ● [Welcome](#)



Welcome to Volume 5, Issue 22 of *Currents*. With this issue, we will begin publishing on a bi-weekly schedule. We believe publishing every two weeks will give us a better opportunity to focus on hot topics affecting our clients and why those topics are important. Ultimately, this helps ensure the content we deliver to you is as valuable as possible.

We hope you are enjoying this publication. If you have any suggestions regarding topics, timing, or any other input on how best to get you information, please [let us know](#). Thank you for reading.

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

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### ● [IEA's Net Zero by 2050 Report: Credible Roadmap or Unhinged Advocacy?](#)

*"As expected, the IEA 'road-map' elicited widespread media coverage and strong reactions, ranging from gushing support from those convinced of a 'climate emergency' to outright dismissal, as in the case of the Saudi oil minister who called the report a sequel to 'La La Land'".*

**Why this is important:** While this article's title goes too far in suggesting that the IEA is engaging in "unhinged advocacy", there are two major holes in its roadmap to zero emissions. First, if drastically cutting the use of fossil fuels resulted in economic growth and increased employment as the IEA suggests, countries would transition to renewable energy without hesitation. The fact that they are not

suggests that a stronger case needs to be made connecting the use of renewables to economic growth and job creation. Second, by focusing on lowering the use of fossil fuels instead of lowering the emissions caused by the use of fossil fuels, the IEA is undercutting the importance of carbon capture technology as a useful solution to climate change. --- [Nicholas S. Preservati](#)

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## ● [With Ominous Mine Reclamation Liability, West Virginia Looks to Federal Dollars](#)

*"The Biden administration has made clear that it has identified hundreds of millions of dollars meant to revitalize coalfield communities and to bolster employment while also improving the environment."*

**Why this is important:** West Virginia lawmakers have been told the state faces significant exposure to reclaim abandoned mine sites in the coming years as coal production declines and many companies have gone through or could go through bankruptcy. Several state legislators want federal help to solve the issue, including using several programs the Biden administration is discussing. The new administration is discussing using up to \$16 billion to plug abandoned oil and gas wells and reclaim mine sites. Another federal group has identified \$38 billion in funding for coal communities around the country as the U.S. shifts away from using coal for electric generation. Current West Virginia bonding rates of \$1,000 to \$5,000 per acre are estimated to only cover 10 percent of the cost to reclaim all sites. A state study believes West Virginia could face almost a \$500 million fund shortfall needed to reclaim abandoned mine sites in the next 20 years. One solution to increase state bond rates could also cause additional mine closures and additional distress in many struggling coal towns. --- [Mark E. Heath](#)

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## ● [South Carolina Regulators Reject Duke's Long-Term Power Plant Construction Plans, Call for Changes and Energy Regulators Say The West's Power Grid Isn't Ready For The State To Shut Down Coal Plants](#)

*"The Public Service Commission is asking the utility to make several changes to its plan related to natural gas cost projections and how it models the competitiveness of renewables and storage."*

*"At a Public Utility Commission hearing, utility operators and regulators in Utah argued that the shift is putting the entire western grid at risk of blackouts, as renewables can only produce electricity at certain times."*

**Why this is important:** The South Carolina Public Service Commission recently rejected the Integrated Resource Plan ("IRP") filed by Duke Energy based, in part, on failing to properly model the competitiveness of solar, which signals that the Commission could view solar as playing a larger role as a resource in Duke's South Carolina territory. In contrast, comments to the Utah Public Service Commission by utility operators and regulators argue that transitioning away from coal and towards renewable resources risks reliability concerns and blackouts. This struggle is playing out around the country as regulators look to find the balance between clean energy and reliable energy, and whether new resource development should be subject to competitive forces rather than the traditional utility investment-plus-return model. This balance is fluid and will continue to readjust itself, particularly with continued technological developments in battery storage that will harness the power generated by renewable resources even when they are not producing power. --- [Carrie H. Grundmann](#)

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## ● [Those in the U.S. Solar Panel Supply Chain Could Get Tax Credits for American-Made Products](#)

*"U.S. Senator Jon Ossoff from Georgia recently introduced the Solar Energy Manufacturing for America Act to boost American solar manufacturing."*

**Why this is important:** Subsidizing the manufacture of solar panels in the U.S. is key to gaining a foothold in the panel supply chain. China is the global leader in solar panel manufacturing and supply, including supplying 80 percent of the world's polysilicon, a material used to build solar panels. Demand for solar panels will only go up for the foreseeable future, and this legislation will aid U.S. manufacturers in taking advantage of that demand. --- [Joseph C. Unger](#)

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## ● [Justice Urges West Virginia Congressional Delegation to Reauthorize AML Program](#)

*"In his letter, Gov. Justice asked members of West Virginia's congressional delegation to take immediate action on legislation to extend the AML fee at current rates for another 15 years, conveying his support for an extension of the fees paid by industry so this important work can continue."*

**Why this is important:** The federal Abandoned Mine Lands ("AML") reclamation tax is set to expire, and West Virginia Governor Jim Justice wants its extended for 15 more years. The tax on each ton of coal mined was established in 1977, but current estimates are there are still \$11 billion in reclamation costs for un-reclaimed, abandoned mine sites, including \$4.2 billion in un-reclaimed sites in West Virginia. Justice's office notes that AML funds have helped build industrial parks in West Virginia and the Boy Scout National Jamboree site in Fayette County. With many coal markets distressed or slowly starting to recover from last year's COVID-19 economic slowdown, there may be opposition to a full 15-year renewal. Justice also wants the federal government to speed up spending of the \$2.2 billion in the AML trust fund now to help put laid off miners back to work. --- [Mark E. Heath](#)

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## ● [The Belt and Road Initiative: China is Moving Away from Coal Power](#)

*"Of those projects, 'more than \$65bn have either been shelved, mothballed or cancelled, with many more projects seeing delays in construction.'"*

**Why this is important:** China has not had a "change of heart" and it is not moving away from financing coal-fired power plants as this article suggests. China did not decide to mothball or cancel many of its projects, as the decision was made for it by other countries. For example, The Kenya Lamu coal plant was canceled because Kenya's National Environmental Tribunal canceled the plant's environmental impact assessment license. Similarly, Egypt's Hemorawein coal plant was delayed because Egypt's Ministry of Electricity decided to postpone construction on the plant in order to consider renewable projects. China's belt and road initiative is an attempt to outsource carbon emissions so that China can maintain its reliance on coal generation while appearing to be a climate change leader by lowering its domestic emissions. However, it overestimated other countries' willingness to participate in the program and to be the recipient of China's off-loaded emissions. --- [Nicholas S. Preservati](#)

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## ● [FERC Pauses Ruling Preventing States from Blocking Demand Response Under Order 2222](#)

*"FERC also established a joint-federal state task force on transmission development that will address planning and cost allocation issues."*

**Why this is important:** Over the past several years, FERC has issued several decisions expanding market access, particularly for demand response ("DR") and distributed energy resources ("DER"). While

DR and DER advocates praised these decisions, these rulings had the effect of limiting a state's authority to regulate those issues within their borders. The decision by FERC to re-evaluate its ruling on Order No. 2222-A could signal a pull back on this expansion of market access, which could have the effect of limiting options for customers. It also signals the role that newly appointed Commissioner Mark Christie, a former Virginia Commissioner, could have on FERC decisions going forward. --- [Carrie H. Grundmann](#)

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## ● [Critical Infrastructure Sites Face Greater Cyberthreat Amid Remote Connectivity](#)

*"Critical infrastructure providers can little afford to face prolonged disruption, as witnessed by the disruption following the Colonial Pipeline attack."*

**Why this is important:** The pandemic and remote work have brought to light several national security issues, one of which is the vulnerability of utilities to cyberattacks. The Colonial Pipeline attack, along with several others, prompted federal lawmakers to introduce the Cyber Exercise Act that would require the Cybersecurity and Infrastructure Security Agency to establish a National Cyber Exercise Program to test critical infrastructure readiness against cyberattacks. However, there can be no better incentive to beef-up cyber security than the \$4.4 million ransom paid by Colonial, even if the FBI was able to seize and return about \$2.3 million. --- [Joseph C. Unger](#)

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## ● [As US Aims to Boost Clean Energy Supply Chain, Critical Minerals Gap Largely Human-Caused, Analysts Say](#)

*"Preliminary results from the task force assembled by that executive order noted that demand for lithium will grow by more than 4,000% by 2040 if the world achieves its climate goals, and demand for graphite, also used to build large batteries, will grow by 2,500%."*

**Why this is important:** The United States has perennially lagged behind most other countries in the production of rare earth minerals due to self-imposed limitations. Restrictive environmental regulations and higher labor costs handicap the production of rare earth minerals in the United States as compared to most other countries where such production occurs. However, recent research has identified concentrations of rare earth minerals contained in acid mine drainage and deposits of coal refuse in coal mining regions of Appalachia. The extraction of rare earth minerals from these sources would have the dual benefits of cleaning up the environment, while making the United States more self-sufficient in producing the raw materials necessary for renewable energy sources. --- [William M. Herlihy](#)

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## ● [Illinois Coal Plants are Closing Even as Fossil Fuel Objections Stall Energy Bill Again](#)

*"In a surprise announcement, NRG said it would close its Waukegan and Romeoville coal plants, but the community impacts are unclear as 'just transition' provisions remain held up in state energy bill negotiations."*

**Why this is important:** The Illinois Legislature and Governor continue to negotiate how to keep Illinois nuclear plants operating and reduce CO2 emissions from other power plants like coal and gas. One proposal would stop emissions from coal-fired plants in 2035 and gas fueled generation plants by 2045. There is also great debate on a new \$1.2 billion gas-fired generation plant under construction and what to do with the largest and newest coal-fired electric generation plant in the state, the Prairie State Energy Complex. One proposal says Prairie State could only operate after 2034 if it captures 90 percent of its CO2 emissions. So far, no operating electrical generation plant has achieved that amount of CO2 capture. In the meantime, NRG announced it will close two of its coal-fired plants in Romeoville and Waukegan by

2022. Illinois is just the latest example of a rapid move away from coal-fired electrical power generation.  
--- [Mark E. Heath](#)

## ● Energy Question of the Week

### Last Issue's Question and Results

*When do you use the most electricity?*

Before 6:00 a.m. - 15.5%  
6:00 a.m. to 12:00 p.m. - 20.7%  
12:00 p.m. to 6:00 p.m. - 20.7%  
6:00 p.m. to 12:00 a.m. - 27.6%  
Do not know - 15.5%

How familiar are you with China's "Belt & Road" infrastructure program?

#### Very familiar

Select

#### Moderately familiar

Select

#### Not familiar at all

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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Responsible Attorney: Michael J. Basile, 800-967-8251