



Issue 15, 2018

## ● [U.S. Agencies Agree to Slash Approval Times for Infrastructure Projects](#)

*"More than a dozen federal agencies agreed to slash the time needed for environmental reviews and permitting on major infrastructure projects, a cornerstone of President Donald Trump's infrastructure plan."*

**Why this is important:** Many energy infrastructure projects are bogged down due to the need to obtain regulatory approval from multiple agencies at the state and federal level. The AEP Jackson's Ferry-Wyoming 765 kV transmission line is considered the poster child for delay, as it took more than 12 years for AEP to obtain all of the necessary regulatory approvals. In contrast, as a result of FERC streamlining its review process, during the past two years the number of projects approved by FERC has increased by 62.86 percent. The annual average of new pipeline construction approved by FERC during this two-year period rose by 1,003.21 miles. This agreement among federal agencies to speed up the approval process for energy infrastructure projects is a critical step to ensure the United States can meet all of its energy needs. --- [Nicholas S. Preservati](#)

## ● [Cyberattack 'Wake-Up Call' Puts Pipeline Industry in Hot Seat](#)

*"A cyberattack that U.S. natural gas pipeline owners weren't required to report has lawmakers taking a closer look at how the industry is handling such threats, raising the prospect of tighter regulation."*

**Why this is important:** In another disquieting reminder of the potential vulnerability of energy infrastructure, at least seven pipeline operators reported in website notices to customers that their third-party electronic communications systems were shut down. Five companies confirmed the cause of the shutdowns was malicious computer hacking. While this set of cyberattacks did not disrupt gas supplies, the incidents illustrate the degree to which oil and gas infrastructure is vulnerable to electronic sabotage. Previous similar attacks occurred in 2012, which after reviewing, the Congressional Research Service warned could "disrupt pipeline service and cause spills, explosions, or fires - all from remote locations[.]" Some members of Congress have called for a comprehensive assessment of cyberattacks by Russia against the U.S. energy grid. --- [John C. \(Max\) Wilkinson](#)

## ● [Duke Energy Commissions 750MW Combined-Cycle Natural Gas Plant in South Carolina](#)

*"The power plant, construction of which was started in March 2015, is part of the company's balanced approach to modernizing the fleet and maintaining a diverse fuel portfolio."*

**Why this is important:** Duke Energy, which is one of the largest electric power companies in the United States, has been aggressively retiring its coal-fired generation fleet and replacing it with a more diverse fuel portfolio that favors natural gas-fired plants. For example, by the end of 2013, Duke Energy retired units at nine coal-fired generation sites in the Carolinas. The new natural gas plant being constructed at the existing W.S. Lee Station in Anderson County, South Carolina, is now being trumpeted to show the company's effort to "modernizing the fleet" by replacing coal units with gas units. Duke Energy closed two coal-fired units at the W.S. Lee Station in 2014 and a third coal unit was converted to natural gas in 2015. Despite the fact the EPA is

wrapping up listening sessions and speeding towards an official repeal of the Obama-era Clean Power Plan regulation, coal-fired plants are rapidly disappearing and being replaced by other sources of electricity, especially those that come from natural gas. --- [Travis H. Eckley](#)

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## ● [Global Seaborne Thermal Coal Demand to Hit 963 mil mt in 2018 Driven by Asia](#)

*"The demand is going to be mainly powered by a coal-hungry Asia led by China, India and the rest of eastern hemisphere countries accounting for an increase of 16 million mt, 11 million mt and 14 million mt respectively."*

**Why this is important:** The global coal export market is expected to rise 48 million tons this year, to 963 millions tons. These increases continue to help offset decreases in U.S. domestic coal consumption by providing greater U.S. export opportunities. The drivers behind the increase in exports continue to be greater coal use in China, India and the rest of Asia. China coal use for electrical generation is expected to increase by 8.6 percent this year alone. --- [Mark E. Heath](#)

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## ● [Germany's Merkel Seeks to Assure Ukraine on Russian Gas Link](#)

*"A Nord Stream 2 project without having clarity about how things continue with the Ukrainian transit role is not possible. [I]t is not just a business project; of course political factors have to be taken into account."*

**Why this is important:** Germany is continuing to move forward with this massive project at a time when the United States, United Kingdom, and many other European nations are taking a hard line against the Russian government as a result of the nerve agent attack in the UK and the actions of the Russian-backed regime in Syria. The Nord Stream 2 partnership between Germany and Russia has been criticized by the United States and especially the European Union, who views it as being counterproductive to its goal to diversify its gas supplies. It is calculated it is currently costing Russian gas company Gazprom 19 percent less to transit gas via Baltic Sea pipelines, with some evidence pointing to that figure increasing to 50 percent if the Nord Stream 2 project were to be completed. As a result, Ukraine stands to potentially lose at least an estimated \$2 billion in transit fees, which would pose significant issues for a nation with a GDP of just \$100 billion. But, as German Chancellor Angela Merkel points out, this project cannot merely take into consideration business factors, but political ones as well. Given this, if Russia continues to shun the international community as it has recently done, it may become increasingly difficult for Germany to ignore this behavior and continue to move forward with the Nord Stream 2 project. --- [Ryan W. Weld](#)

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## ● [Perry: Economics Not 'the Issue' for FirstEnergy Emergency Evaluation](#)

*"Secretary of Energy Rick Perry said that plant economics are not 'the issue' DOE is focused on as it evaluates an emergency bailout request from generator FirstEnergy."*

**Why this is important:** Prior to seeking bankruptcy protection, FirstEnergy Solutions ("FES") submitted an "emergency request" to the Department of Energy ("DOE") seeking what would amount to price support for nuclear and coal-fired generation plants owned by FES. Various consumer interests and others have objected to FES' request for fear it is a bail out of uneconomic assets that would increase energy prices for all consumers in the PJM footprint, which includes West Virginia, Pennsylvania, and Virginia. DOE Secretary Perry intimates the request is not an issue of economics, but rather an issue of national security, and it must be addressed in some fashion "as soon as possible." Secretary Perry previously had sought similar pricing relief at the Federal Energy Regulatory Commission ("FERC") under the guise of a need for "grid resiliency," but that request was denied by FERC. The ultimate resolution of these issues will impact energy-intensive businesses and other consumers who seek and depend on reasonably-priced power. --- [Derrick Price Williamson](#)

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## ● [An Oil-Eating Bacterium that Can Clean Up Pollution and Spills](#)

*"Professor Satinder Kaur Brar and her team at INRS have conducted laboratory tests that show the effectiveness of enzymes produced by the bacterium in degrading petroleum products in soil and water."*

**Why this is important:** Innovation and applied science have yielded an encouraging potential response to petroleum/hydrocarbon spills. Over the past several years, researchers at Canada's Institut national de la recherche scientifique

("INRS") in Quebec City, Québec, have sequenced the genomes of thousands of bacteria intent on finding a species ideally suited for cleaning up oil spills. INRS' genetic mapping showed the genome for the bacterium *Alcanivorax borkumensis* contains the codes for enzymes classified as "hydrocarbonoclastic" -- meaning the bacterium consumes hydrocarbons for energy. Lab tests showed the *A. borkumensis* reached over 80 percent hydrocarbon breakdown for various compounds and has been shown effective in removing benzene, toluene and xylene. *A. borkumensis* also has been shown to be able to work its metabolic magic under various conditions, an encouraging development for remediating spills in difficult-to-access land and marine environments. -- [John C. \(Max\) Wilkinson](#)

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## ● [Quietly, Trump Officials and California Seek a Deal on Car Emissions](#)

*"Officials from the Trump administration and the State of California, who have been negotiating behind the scenes on car emissions standards, are expected to reopen talks that could preserve rules targeted by the Environmental Protection Agency for elimination, according to people briefed on the talks."*

**Why this is important:** Under the Clean Air Act, California is allowed to set tougher emissions standards for cars than does the federal EPA, and other states can opt in. Lower emissions make it easier for those states to meet federal clean air standards for ozone and other pollutants. When EPA Administrator Scott Pruitt said he was going to roll back the national emission standards, California announced it would keep its stricter standards. This sets up a battle that many interests, especially car manufacturers, would like to avoid. At issue is whether car makers will have to produce two versions of their models, one for California and opt-in states, and another for the rest of the country. --- [David L. Yaussy](#)

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## ● [New England Faces 'Horror Story' of Expensive Power](#)

*"New England is struggling to keep the lights on as it pursues aggressive clean energy goals, a dilemma that is so troublesome that the region's power grid operator warns of blackouts if something doesn't change."*

**Why this is important:** New England's energy crisis is the result of a lack of sufficient energy infrastructure. Industry has attempted to alleviate the problem by proposing numerous infrastructure projects, only to have them rejected by lawmakers and regulators. It is critical to note this is not an issue of fossil fuels versus clean energy, as wind and hydro projects have been rejected in addition to natural gas pipeline projects. The crisis reached critical mass in January when liquefied natural gas had to be imported from Russia to heat homes in Boston. The fact the world's second largest energy producer does not have sufficient infrastructure to satisfy its own energy needs to rectified through streamlined regulatory review. --- [Nicholas S. Preservati](#)

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## ● [U.S. Ethanol Policy Under Siege](#)

*"Iowa Senator Chuck Grassley, perhaps the staunchest ethanol defender in Congress, has steadfastly refused to entertain changes to the RFS. Mr. Constantine noted that Senator Grassley had always enjoyed strong support from the White House, and never felt like he had to compromise. But now he is being forced to the negotiating table by a White House that seems intent on fixing an issue that refiners have complained about for years."*

**Why this is important:** Gas prices are higher at the pump because gasoline refiners are required to blend ethanol into the fuel, or purchase credits in its place. The ethanol mandate is a boon to farmers, who have responded by planting more corn, the main feedstock for ethanol. The Trump administration now is looking at changing the manner in which the ethanol mandate is implemented, which would have important ramifications for refiners and Midwest farmers alike. The goal is to remove some of the uncertainties in the system, which will help control costs for refiners and consumers. --- [David L. Yaussy](#)

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## ● [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**

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