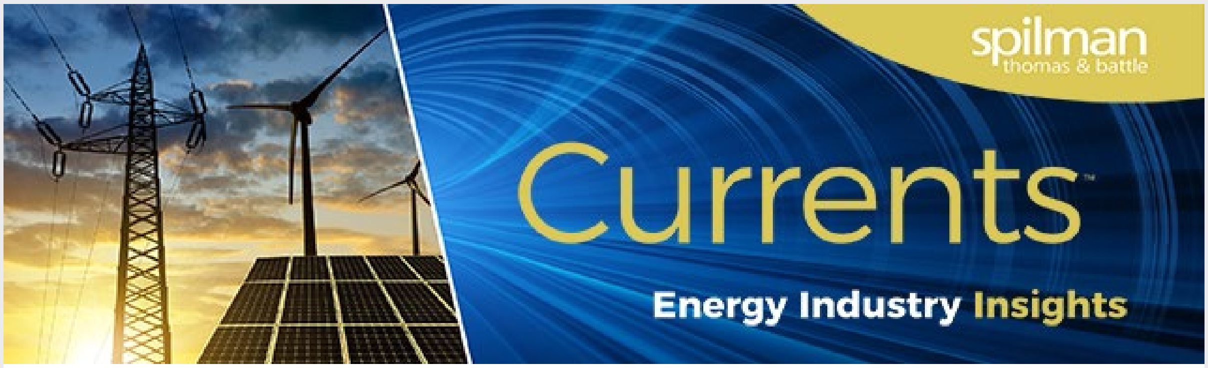
View as Webpage

Share Tweet Share



Issue 7, 2020

The UAE Gets Green Light to Operate the Arab World's First Nuclear Power Plant

"The project, which national officials describe as a strategic and economic imperative for the UAE, is more than a decade in the making and involved collaboration with external bodies including the UN's International Atomic Energy Agency and the government of South Korea."

Why this is important: This is important for three reasons. First, it highlights the need for energy diversification. The UAE is not relying on its petroleum reserves despite being in the epicenter of OPEC. Second, it counters the assertion that new nuclear plants will not be built because they are cost prohibitive. Finally, this single plant will provide approximately 25 percent of the UAE's electric generation, thus substantially cutting its greenhouse gas emissions. --- Nicholas S. Preservati

---

India to Stop Thermal Coal Imports from FY24

"It was also proposed that Coal India could generate 5 GW of solar power by 2023-24 and could diversify into coal gasification with a target of 50 Million Tonnes by 2030 enabling a sustainable energy mix for the country."

Why this is important: India, one of the U.S.'s key markets for coal exports, is studying ways to decrease its reliance on coal imports by diversifying its energy mix with sustainable sources. At a recent two-day brainstorming event of stakeholders, domestic coal officials also evaluated ways to remove obstacles that have hampered full development of India's domestic coal industry, such as shipping difficulties. If India's ambitious goal of ceasing coal imports by 2024 is even moderately successful, it will be a blow to the international coal market, which has come to expect India's demand for coal imports will continue unabated. --- Dennise R. Smith

---

China to Offer Tariff Exemptions on U.S. Coal Product Imports

"According to the statement, China will not levy its 301 countermeasures against imported goods from the US, and eligible companies can apply tariff exemptions from March 2, the ministry said."

Why this is important: China's agreement to lower tariffs on imported steam and metallurgical coal from the U.S. should help struggling U.S. coal markets. Previously, China had a 30.5 percent import tariff on metallurgical coal and 26 percent tariff on steam coal. Those tariffs dramatically dropped U.S. exports to China in 2018. With the change in tariffs, U.S. producers are seeing increases in sales to China and strengthening of export prices in late 2019. Low Vol HCC coal is exporting at $136, High Vol A is $138 and High Vol B is $126, all FOB U.S. eastern ports. --- Mark E. Heath

---

WV House Passes 'Critical Infrastructure' Criminal Penalties

"The bill enhances jail time and fines for trespassing, intentionally damaging or participating in a conspiracy to disrupt properties defined as critical infrastructure."

Why this is important: The West Virginia House of Delegates recently passed the West Virginia Critical Infrastructure Protection Act, which enhances criminal penalties for damaging water treatment facilities, petroleum facilities, and natural gas compressor stations and pipelines. Supporters argue jobs should not be disrupted by those with criminal intent. Critics argue that sometimes civil disobedience is the only voice for those disaffected with no other recourse. The WV Senate is now considering the bill. While there are vague areas, the bill would undoubtedly affect those involved in illegal pipeline protests. --- Matthew P. Heiskell

---

The Feds Try Yet Again to Sell Off BPA and TVA

"But a bad idea resurfaced again as it has so many times in the past – to privatize federally-owned power projects like the Tennessee Valley Authority and the Bonneville Power Administration."

Why this is important: The BPA has "cost-based" long-term and low-cost contracts that just cover the cost of operations, generation and transmission. This results in an average firm industrial power rate of 3.9 cents a kilowatt hour compared to the national average of 7.0 cents per kilowatt hour. Privatizing the BPA will put the cost-based contracts in jeopardy, as no private entity is going to take on the risk and liability of operating the BPA without the possibility of making a profit. The end result is higher prices for the consumer. --- Nicholas S. Preservati

---

Solar, Wind and Batteries Expected to Outpace New Gas-Powered Generation in Texas

"Texas is increasingly moving away from power generated by natural gas, the backbone of the state's electricity system and which supplies about half of the state's generating capacity."

Why this is important: Texas is a state whose ties with the fossil fuel industry run deep and long, but those ties appear to be loosening . The Electric Reliability Council of Texas, the state's electricity grid manager, announced plans for new alternative energy projects that would provide 68 gigawatts of solar power capacity, 30 gigawatts of wind energy, and 8 gigawatts of battery-stored energy. Taken together, these renewable energy sources will represent 95 percent of the power projects expected to come on the grid from 2020 to 2023. Contrast this with new natural gas-fired power plants, which the Council predicts will add only 6 gigawatts to the Texas power mix, or 5 percent of the total, between now and 2023. --- Dennise R. Smith

---

PHMSA Finalizes Pipeline Safety Rules

"The U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration transmitted three final rules to the Federal Register written to strengthen the safety of more than 500,000 miles of onshore gas transmission and hazardous liquid pipelines throughout the United States."

Why this is important: Hopefully, the new PHMSA safety rules do not impose unreasonable costs on the fixed assets of pipeline companies. Nevertheless, if information about these safety regulations is disseminated to the public in a positive manner, it could be used to the industry's advantage. Opponents of fossil fuels are fond of using exaggerated criticism of pipeline safety to demonize the natural gas and oil industry. The truth is pipeline infrastructure is by far the safest way to transport these products, which are vital to our economy. The publication of accurate facts about pipeline safety by operating companies and their advocates, including an explanation of these new regulations, might serve to counter the unfounded scare tactics of industry opponents. --- William M. Herlihy

---

Dominion Still Banking on End of 2021 Completion of Atlantic Coast Pipeline

"Farrell also said he's confident the U.S. Supreme Court by May or June will reverse the Fourth Circuit on a ruling regarding a U.S. Forest Service permit where the pipeline would cross the Appalachian Trail."

Why this is important: This article highlights the challenges energy companies face while attempting to build needed infrastructure. Opponents of such projects have learned the best strategy they can utilize is delay. Delaying the projects by filing numerous court challenge raises the cost of these projects significantly. In the case of the Atlantic Coast Pipeline, the cost of the project has risen by $1 billion. The permitting process for projects of this magnitude has to be streamlined to provide more certainty to the permitee, while still providing opponents the opportunity to raise legitimate concerns. --- Nicholas S. Preservati

---

China Thermal Coal Market Faces Two-Three Month Coronavirus Short Squeeze

"He expected Chinese demand for thermal coal - mainly used for electricity generation - to fall by about 180 million tonnes due to the disease, outpaced by a loss of about 200 million tonnes of production."

Why this is important: The coronavirus continues to have significant effects on China's economy and the world coal markets. Experts believe the impacts will last at least three months. The downturn will likely cause a drop of 200 million tons in steam coal production, but only a drop of 180 million metric tons of steam coal needed for electrical generation. That will leave a 20 million ton shortfall in coal needed for electrical generation for the world's largest coal consumer. --- Mark E. Heath

---

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.

If you would like to subscribe to this weekly e-blast or know someone who would, please email us with contact information and CURRENTS in the subject line. We will add you or your acquaintance to the email list.

If you have any energy questions, please feel free to contact us .