



Issue 32, 2018

● [Activists Have a New Strategy to Block Gas Pipelines: State's Rights](#)

"It already has worked in New York where construction on the Constitution Pipeline has stalled. Now activists are trying the strategy in Oregon."

Why this is important: Environmental activists have long recognized blocking new pipeline construction can be a more effective strategy for keeping fossil fuels in the ground than challenging wells on a permit-by-permit basis. If, after all, there's no pipeline to take the fossil fuels to market, there's no economic case for extracting them in the first place. Historically, however, activists' pipeline challenges have met with little success. Emboldened by recent success in New York, though, activists have seized upon state review rights under Section 401 of the Clean Water Act to argue for state veto authority over federal pipeline permitting. Industry critics argue Section 401 was never intended to be used in this manner, and a Republican Congress is looking amend the Clean Water Act to eliminate this tactic before it has a chance to take off. Nonetheless, pipeline projects are likely to face additional challenges in the interim. --- [Joseph V. Schaeffer](#)

● [EPA Head Signs Proposal to Undo Restrictions on Coal Plants](#)

"The Trump administration moved to overturn Obama-era environmental rules on power-plant emissions, a long-telegraphed action designed to help coal-burning plants compete with natural gas and other cleaner alternatives as a national energy source."

Why this is important: The Clean Power Plan was designed to ultimately phase out coal fired generation. The premise of the CPP was to make the cost of compliance so high that coal fired plants could not compete economically with other energy sources. The new plan proposed by Administrator Wheeler replaces the CPP and lowers the cost of compliance, thereby making coal fired generation more competitive. This move may be viewed by some as the government interfering with market forces to support one industry over others. Others see it as the EPA removing artificial barriers that were put in place to the detriment of one industry for the benefit of others. --- [Nicholas S. Preservati](#)

● [Vital Tax Revenue for Schools at Risk](#)

"Not only did oil and gas produce almost \$14 billion in taxes and royalties that went to funding schools, roads and emergency services in Texas alone, but the average pay for jobs in the industry across the country is well over \$100,000."

Why this is important: Congress' 2005 imposition of the Renewable Fuel Standard requires refiners to blend a certain amount of renewable fuel, such as ethanol, into transportation fuel each year. EPA tracks compliance and issues renewable identification numbers ("RINs") for quantities blended. But, since not all oil refiners have the ability to blend, small and independent oil refiners must purchase RINs from blenders to comply. This system created a speculative market where RINs were purchased by Wall Street investors who then resold the RINs at inflated prices. The secondary market in RINs is creating an untenable system making it difficult for many refiners to stay in business and endangering important industrial jobs and tax base. The Trump administration has proposed a compromise, but congressional statutory reform of the program is required. --- [John C. \(Max\) Wilkinson](#)

● [Fracking Wastewater Spikes 1,440% in Half Decade, Adding to Dry Regions' Water Woes](#)

"Between 2011 and 2016, fracked oil and gas wells in the U.S. pumped out record-breaking amounts of wastewater, which is laced with toxic and radioactive materials, a new Duke University study concludes."

Why this is important: Record breaking horizontal wells require more fracturing water and produce more flow back water. Recognizing the limited amounts of water available in certain production areas as well as the expenses involved with responsibly disposing of those fluids, the industry is reacting with new ideas to manage this aspect of horizontal drilling. These approaches are leading to innovative methods of decontaminating fracturing waters as well as water trading arrangements with other operators to reuse produced water in other developments in the area so as not to further tax local water resources. Given time, the industry will adapt to the limitations on the availability of water in a manner that conserves that valuable resource. --- [William M. Herlihy](#)

● [Federal Regulators Overturn New York's Latest Misguided Pipeline Obstruction Attempt](#)

"The Federal Energy Regulatory Commission recently overturned the New York Department of Environmental Conservation's (DEC) decision to deny National Fuel the water quality certificate needed to complete construction of the Northern Access pipeline. FERC explained it reached this decision because DEC had failed to act within its one-year statutory limit."

Why this is important: Despite abundant natural gas reserves upstate and across its southern border in Pennsylvania, New York's politicians and regulators have steadfastly made every effort to block their citizens' access to these resources. The irony, of course, is that New Yorkers pay higher energy prices, enjoy a less stable energy grid, and import energy from America's geopolitical foes, like Russia, as a result. FERC's action to overturn the NY DEC's misguided denial of National Fuel's water quality certificate accordingly is a step in the right direction. But, NY DEC has threatened to drag the process out further by appealing FERC's decision to the Second Circuit Court of Appeals. --- [Joseph V. Schaeffer](#)

● [Venezuela's Crack-Up is Accelerating](#)

"As Venezuela's government grows increasingly despotic, a crack-up is accelerating - and despite plenty of warning, the world remains unprepared for the consequences."

Why this is important: The recent assassination attempt by killer drones on Venezuela's President Nicolas Maduro has triggered a broad crackdown, including the jailing and alleged torture of one of his most vocal opponents. Venezuela was already in default on more than \$4 billion in bonds. Its economy has shrunk by almost 50 percent since 2013. And hyperinflation, which may hit 1 million percent this year, confounds even basic transactions daily. The humanitarian crisis spawned by Maduro's repression and mismanagement of the economy continues to spread. More than 2 million Venezuelans have fled to neighboring countries or to the U.S., and the Venezuelan military increasingly must handle food distribution. The U.S. and the European Union need to boost assistance to Brazil, Colombia and Ecuador, among others, trying to deal with a refugee crisis. While an international bailout and bond restructuring seem inevitable, no such financial support can be offered until Venezuela has a government willing to restore democracy, cease human rights violations, and pursue realistic economic policies. --- [John C. \(Max\) Wilkinson](#)

● [New Set of LNG Projects Expected After Long Hiatus](#)

"Triggered by increasing oil prices and strong demand from growing economies such as China and India, companies sense that the conditions are ideal for new projects."

Why this is important: International demand for natural gas is growing at an unprecedented rate. New permits for LNG export terminals in the United States need to be approved by federal and state agencies without delay. The export of cheap shale gas in the current market could blunt competing sources such as Russian exports to Europe and African LNG terminals that are currently under consideration. Time is of the essence because the export of more shale gas would both prevent some long-range plans for

competing facilities in other countries and capture an international market stake that would be difficult to displace. --- [William M. Herlihy](#)

● [A 550-Ton Floating Turbine Smashes Records in a Significant Step Forward for Tidal Power](#)

"The 2 megawatt (MW) SR2000 turbine produced more than 3 gigawatt hours (GWh) of renewable electricity in less than 12 months, Scotrenewables Tidal Power said in a statement."

Why this is important: Tidal energy does not suffer from the same "intermittency" problem as does wind and solar energy. It is constant and abundant. The problem is that there has not been an effective and efficient method for harnessing tidal energy. The SR2000 generated more energy in one year than did the total wave and tidal energy sectors in Scotland did in the preceding 12 years. The SR2000 may not be the ultimate solution, but it does signify a major advancement in tidal energy technology. --- [Nicholas S. Preservati](#)

● [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](#)

If you would like to subscribe to this weekly e-blast or know someone who would, please [email us](#) and we will add you or your acquaintance to the email list.

If you have any energy questions, please feel free to [contact us](#).

Spilman Thomas & Battle, PLLC or any attorney associated with the firm. This e-mail publication is distributed with the understanding that the author, publisher and distributor are not rendering legal or other professional advice on specific facts or matters and, accordingly, assume no liability whatsoever in connection with its use.

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