

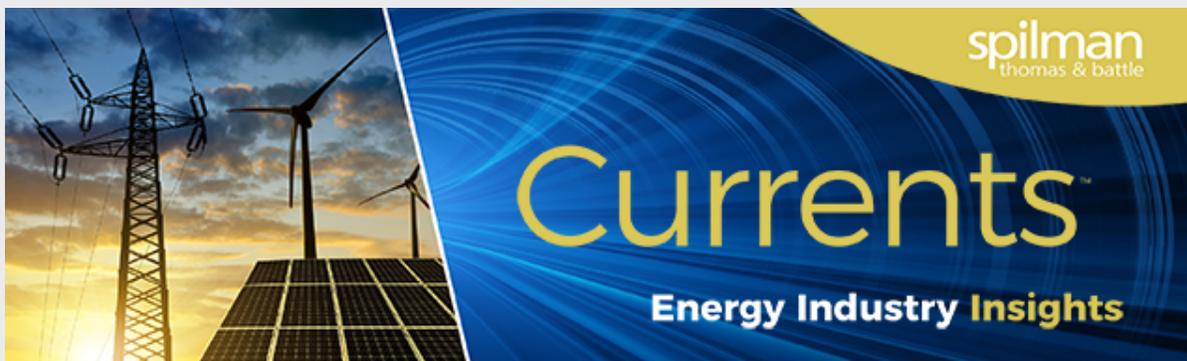
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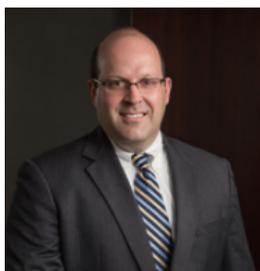


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Volume 5, Issue 11

● [Welcome](#)



Welcome to Volume 5, Issue 11 of *Currents*. As we begin a new month, I'll remind everyone that we are continually looking to write about different topics. If there is an issue or industry that is of special interest to you, [let us know!](#) We will gladly add that to our search and discussion.

As always, thank you for reading.

[Nicholas S. Preservati](#)

Co-Chair, Energy Practice Group

● [In Shift, Oil Industry Group Backs Federal Price on Carbon](#)

"API also called for fast-tracking commercial deployment of long-sought technology to capture and store carbon emissions, as well as federal regulation of methane emissions from new and existing oil and gas wells, after strongly resisting such regulations proposed by the Obama administration."

Why this is important: A price on carbon would increase the cost of gasoline and other petroleum products. The cost would be passed on to consumers, although some have proposed that taxes received be re-distributed to lower income persons. The purpose of placing a price on carbon is to reduce demand for it, thereby lowering emissions. It is unclear whether demand would be reduced though if low income persons were made whole for their purchases and higher income Americans were willing to pay more at the pump in order to continue their lifestyles. --- [David L. Yaussy](#)

● [US Thermal Coal Producers to Benefit from Increased Demand](#)

"Credit rating company Moody's Investors Service expects the earnings of US-based thermal coal producers to improve this year on the back of US coal consumption having increased by between 5% and 10%."

Why this is important: Moody's believes U.S. coal producer earnings will benefit this year from an increased demand for thermal coal. Coal consumption will likely increase 5 to 10 percent this year. Those increases will likely help U.S. producers with debt reduction and some producers' continued transition from thermal to metallurgical coal. Moody's believes U.S. production will rise to 550 to 575 million tons in 2021 from 525 to 550 million tons last year. The firm also sees an increase of U.S. thermal exports this year of between 3 and 8 million tons. In all, this is better news than the industry has seen since the COVID-19 pandemic began. --- [Mark E. Heath](#)

● [Massachusetts Gov Baker Signs Climate Legislation, Setting Net-Zero 2050 Target](#)

"The bill requires development of an additional 2,400 MW of offshore wind, bringing Massachusetts' total target to 5,600 MW, and increases the state's Renewable Portfolio Standard to 40% by 2030."

Why this is important: Massachusetts is the most recent state to adopt net-zero carbon emissions goals. Similar to Virginia's Clean Economy Act, the Massachusetts bill directs the development of significant amounts of offshore wind. The bill comes on the heels of an announcement from the Biden administration of its intent to vastly expand offshore wind on the East Coast. Similar to legislation adopted by other states, this legislation is likely to encourage more renewable energy resources in lieu of more traditional fossil fuels. --- [Carrie H. Grundmann](#)

● [Protests Arise as Warren Buffet Seeks to Profit from Recent Texas Power Blackouts](#)

"The plan would involve the construction of 10 new natural gas-fired power plants strategically located around the state."

Why this is important: Warren Buffet is no dummy. His Berkshire Hathaway company sees an opportunity to invest billions to guarantee that Texas won't see a repeat of the situation this February, when the electricity market went haywire during a deep cold spell. The price? About \$8 billion dollars, with a guaranteed rate of return greater than 9 percent. Whether Buffet's offer is accepted or not, Texas consumers are going to be paying more for reliable future baseline generation. --- [David L. Yaussy](#)

● [China Generated Over Half of the World's Coal-Fired Power in 2020](#)

"Despite considerable investment in renewable energy sources, China generated 53 percent of the world's total coal-fired power in 2020, according to a study."

Why this is important: China, in 2020, produced 53 percent of the world's coal-fired electrical generation, up from 44 percent in 2015. That was an increase of 1.7 percent in one year. China has a huge energy appetite and also added 71.7 GW of wind and 48.2 GW of solar last year. Despite the increases, China has a goal to max its carbon emissions in 2030 and be carbon neutral by 2060. Those

may be difficult goals to achieve. Until 2006, the U.S. had the biggest carbon footprint on the planet. Since then, China has held that title. --- [Mark E. Heath](#)

● [How Long Can a Nuclear Plant Run? Regulators Consider 100 Years](#)

"The discussions cut quickly followed the 2019 and 2020 Nuclear Regulatory Commission approvals of the first licenses for reactors in Florida and Pennsylvania to operate for 80 years, which would themselves be unprecedented milestones."

Why this is important: Getting to net-zero carbon, while still producing reliable baseload power, will require continued use of nuclear energy. Obtaining approval for new nukes is difficult, though. One option is to extend the life of existing nuclear generation plants, perhaps up to 100 years. --- [David L. Yaussy](#)

● [China Coking Coal Futures Gain on Tight Supplies, Restocking Demand](#)

"Analysts with GF Futures noted that safety inspections at coal mines in Shanxi province are strict, while some production suspension in Inner Mongolia to curb emissions also affected supplies of coking coal."

Why this is important: Coking coal prices continue to rise in China and inventory at 100 coking coal plants fell 2 percent last week. These conditions have led coking coal prices in China to rise to \$250 a ton for May delivery. Metallurgical coal continues to be the one bright spot in U.S. coal pricing as well. --- [Mark E. Heath](#)

● [China Turns to Coal as Electricity Demand Skyrockets](#)

"Worldwide, China now accounts for 53% of the overall coal-fired generation portfolio."

Why this is important: China's electrical demand continues to skyrocket and its electrical demand rose 1,880 TWH in the last five years. While global use of coal fell 4 percent last year, it increased 2 percent in China. Worldwide, natural gas and solar made up the decline in coal use. While global coal use is up 1 percent since 2015, total carbon emissions rose more. In comparison to China, in India, coal usage is down 4 percent and it has 119 TWH of wind and solar generation. Worldwide natural gas use for power generation rose to 576 TWH last year. --- [Mark E. Heath](#)

● [Energy Question of the Week](#)

Last Issue's Question and Results

Has your vehicle miles traveled changed as a result of COVID-19?

Yes, increased significantly - 12.7%
Yes, increased moderately - 14.3%
No change - 14.3%
Yes, decreased moderately - 20.6%
Yes, decreased significantly - 25.4%

Do you support or oppose the use of nuclear energy for generating electricity in the U.S.?

Strongly support

Select

Do not know - 12.7%

Moderately support

Select

Moderately oppose

Select

Strongly oppose

Select

Neither support nor oppose

Select

Do not know/other

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

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.

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