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Volume 5, Issue 4

● [Welcome](#)



Welcome to Volume 5, Issue 4 of *Currents*. We would love for you to take our survey at the bottom of this e-blast. If you have any suggestions for our next survey question, [please let us know!](#)

We hope you enjoy reading.

[Nicholas S. Preservati](#)

Co-Chair, Energy Practice Group

● [Why the U.S. isn't in Desperate Need of the Keystone XL Pipeline](#)

"U.S. President Joe Biden fulfilled a campaign promise by scuttling the 1,897-kilometre pipeline."

Why this is important: While the rescission of the Keystone pipeline will not have a significant effect on domestic oil production, it highlights the continued unpredictability that energy companies face with changing federal action. Utilities spent billions of dollars preparing for the implementation of the Clean Power Plan, which was stayed and rescinded. The CPP was then replaced with the ACE Rule, which was also never implemented and recently struck down by the D.C. Circuit Court of Appeals. Similarly, natural gas producers have spent billions of dollars on pipeline projects after receiving federal permits, only to have those permits later rescinded. Just two days ago, a federal court scrapped a critical permit for the Dakota Pipeline, which comes after permit revocations for the Keystone XL Pipeline, the Mountain Valley Pipeline, and the Atlantic Coast Pipeline. Likewise, the United States joined the Paris Accord, left the Paris Accord, and then joined it once again. The United States needs a responsible and consistent energy

policy that does not fluctuate between polar opposites and that provides energy companies with a minimum level of certainty that their federally approved projects will not be scrapped after billions of dollars have been spent. --- [Nicholas S. Preservati](#)

● [Coal Communities Across the Nation Want Biden to Fund an Economic Transition to Clean Power](#)

"Advocates want that and new jobs, broadband internet and funding for health and education."

Why this is important: A coalition of environmental, labor, and development groups from across the U.S. has asked the Biden administration to establish a White House Office of Economic Transition to rebuild coal communities that are declining as U.S. coal production and its use to make electricity declines. The groups note that as the White House plans for a carbon neutral economy by 2035, there will be further declines and an "inevitable shift in the energy economy." The groups cite that even with President Trump promoting coal use, its production and use declined in his four years in office in all of the country's production areas and in the COVID pandemic, U.S. coal production has declined to levels last seen in the 1960s. The White House has not commented on the request. The groups note the federal Appalachian Regional Commission defines 78 counties in its jurisdiction as currently "economically distressed," meaning they rank among the most impoverished 10 percent of counties in the nation. Eighteen of those counties are in West Virginia and 42 are in Kentucky. --- [Mark E. Heath](#)

● [Construction Underway on Black Rock Wind Project](#)

"Clearway Energy CEO Craig Cornelius said 115-megawatt wind farm will be a financial boost to the Potomac Highlands and West Virginia."

Why this is important: The article details Clearway Energy's intent to build a large wind farm, consisting of 23 wind turbines, in Grant and Mineral Counties, which should be a boon to that area. The article and project also raise three other important points. First, the development of the project is not the result of any legislative directives or other artificial economic support; rather, it is a reflection of allowing the market to dictate the development of alternative power resources, which West Virginia is well-positioned to benefit from. Second, the article indicates that Toyota will purchase some of the wind power output, but it is likely that this is a reference to Toyota North America operations more broadly because there is no ability to "wheel" power across the state to a retail customer like Toyota's facility in Buffalo, West Virginia, as this arrangement would require. Third, the article references that the project will also provide power to American Electric Power, but it appears this is a reference to AEP Energy, a subsidiary of AEP and an affiliate of Appalachian Power and Wheeling Power. The upshot is that AEP Energy is a competitive supplier of power, and to the extent it acquires this power output, it could not market this power directly to retail customers in West Virginia as it would be able to do in retail customer choice states like Pennsylvania, Maryland, and Ohio. --- [Derrick Price Williamson](#)

● [U.S. Projects Climbing Energy-Related CO2 Emissions in 2021 and 2022](#)

"EIA expects total energy-related CO2 emissions to increase to 4.8 billion metric tons in 2021 and 4.9 billion metric tons in 2022."

Why this is important: The projected increases in emissions need to be viewed in perspective. The projected increase of 4.7 percent in 2021 and the projected increase of 3.2 percent in 2022 would normally be viewed as significant and a cause for alarm. However, the increases come on the back of the COVID-19 pandemic, which caused an 11 percent decrease in emissions during 2020. Thus, even with

the projected increases for two straight years, the emissions at the end of 2022 will still be 3.9 percent lower than the emissions at the end of 2019. --- [Nicholas S. Preservati](#)

● [Nuclear and Carbon Capture May Form Bipartisan \(Re\)starting Point on Climate Change](#)

"'Bold market solutions' are part of what's needed to slow global warming to at least 2 degrees Celsius as laid out in the voluntary Paris Agreement, according to Coons."

Why this is important: A recent conference by the Atlantic Council and Citizens for Responsible Energy Solutions, a right-leaning renewable energy advocacy group, showed some potential agreements between congressional leaders on how to reduce CO2 emissions. Delaware Senator Chris Coons believes small modular nuclear reactors are a viable way to produce electricity with zero emissions. Sen. Coons also believes jobs lost in coal and other industries will be replaced by new positions in the clean energy field. Other Republicans believe renewables must be joined by carbon capture to provide an affordable energy future for the U.S. With major business groups like the Business Roundtable and U.S. Chamber of Commerce supporting the return of the U.S. to the Paris Climate Agreement, the Biden administration has discussed a long-term \$2 trillion plan to reduce CO2 emissions to zero by 2050 with major investments in infrastructure and electric vehicles. --- [Mark E. Heath](#)

● [European Banks are Still Major Backers of the Fossil Fuel Industry](#)

"The annual report covering 2016-2019 published by the Rainforest Action Network – an NGO which monitors major international bank investment in the fossil fuel industry – shows that 17 of the 35 biggest investors in the global fossil fuel industry are European."

Why this is important: Some of the European public banks, responding to national policy directives, are weaning themselves off fossil fuel financing. But private European banks continue to fund fossil fuel projects, much to the dismay of environmental NGOs. As fossil fuels will be a big part of the energy mix for years to come, there will likely be entities willing to finance carbon-intensive projects. --- [David L. Yaussy](#)

● [Accounting and Reporting Treatment of Certain Renewable Energy Assets](#)

"In this Notice of Inquiry, the Federal Energy Regulatory Commission seeks comments on the accounting and reporting treatment of certain renewable energy generating assets and renewable energy credits."

Why this is important: While the FERC Notice of Inquiry is a step in the right direction, it does not go far enough in distinguishing between energy assets within energy sources. For example, offshore wind uses significantly different equipment than does onshore wind, just as PV solar uses different equipment than does thermal solar. As a result, these differing types of equipment fall within the same accounting categories despite having different characteristics and different depreciable life-spans. Another important consideration is the extent to which the new FERC accounting principles may affect state regulatory accounting and ratemaking. --- [Nicholas S. Preservati](#)

● [Many U.S. Utilities Plan to Hang on to Their Coal Plants for a Decade: Sierra Club](#)

"The report here, which reviewed the plans of the 50 U.S. utilities most invested in coal and gas generation, reflects some of the obstacles President Joe Biden will need to overcome to achieve his administration's goal to decarbonize the power sector by 2035."

Why this is important: The Sierra Club has just issued a report that finds U.S. utilities plan to keep 75 percent of their coal-fired electrical generation plants in operation for another decade. The environmental group reviewed public filings of the 50 U.S. utilities that use the most coal and gas for power generation. The 50 utilities account for 43 percent of U.S. power generation. The group found only 25 percent of the coal-fired plants used by the 50 utilities are scheduled to close in the next 10 years. That same group of utilities plans to add wind and solar generation, but the total additions are only 20 percent of their coal-fired electrical generation totals. Currently, electrical generation accounts for 27 percent of U.S. CO2 emissions, second to transportation. The Sierra Club notes these plans will make it hard for the U.S. to meet its Paris Climate Agreement reductions, but notes since 2010, the U.S. has retired or scheduled to close by 2030, 63 percent of its coal-fired electrical generation plants. Those closures have resulted in significant declines in U.S. coal production and the number of coal miners mining that coal. --- [Mark E. Heath](#)

● [Energy Question of the Week](#)

Last Issue's Question and Results

What type of residential heat do you use?

Natural Gas - 25.4%
Electric - 17.8%
Geothermal - 15.3%
Wood - 13.6%
Other - 15.3%
Do Not Know - 12.7%

Do you agree with the United States' decision to rejoin the Paris Climate Accord?

Strongly Agree

Select

Moderately Agree

Select

Neutral

Select

Moderately Disagree

Select

Strongly Disagree

Select

Other

● 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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