

# Energy Quarterly Report—Q2

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## 1. Regulatory

### EPA declines to write new rule for toxic spills

The Environmental Protection Agency (EPA) has formally announced that new regulation is not needed to limit spills of toxic waste into waterways.

In 2016, following a lawsuit from the Environment Justice Health Alliance and others, the EPA agreed to formally consider whether a new regulation was needed under the Clean Water Act to limit discharges of toxic waste. In a statement in June, 2018, EPA head Scott Pruitt announced that following public consultation and data analysis, it was decided that further regulation in this area ‘would be duplicative and unnecessary’.

The decision has been slammed by critics, including the Environmental Justice Health Alliance, who have accused the EPA of ‘siding with corporate polluters over the public’s health and safety’.

The Hill on Jun 21, 2018

## 2. Coal

### [President Trump orders Energy Department to stop coal retirements, but shutdowns continue](#)

In a memo circulated by the Department of Energy, grid operators could be forced to buy up failing coal and nuclear plants to prevent them from being closed down, under an old wartime rule called the Defense Production Act. President Trump has also ordered Energy Secretary Rick Perry to ‘prepare immediate steps’ to protect coal plants from being retired.

However, despite this order from the President, and the threat of an emergency measure, many utilities companies [are to press ahead](#) with plans to retire failing plants, quoting both a lack of profitability and rising competition from renewable energy and natural gas.

[Ars Technica](#) on Jun 1, 2018

## 3. FERC

FERC commissioners [held a Joint Meeting](#) with the Nuclear Regulatory Commission and representatives from the North American Electric Reliability Corporation (NERC) on June 7 to discuss grid stability, as well as other issues of mutual concern, such as cyber security. There were a series of presentations on the state and ongoing reliability of the grid, designed to share information between the commissions.

On June 12, 2018, a [full oversight hearing](#) was held before the Senate Committee on Energy and Natural Resources to address jurisdictional issues and short-term priorities for FERC – including in relation to President Trump’s recent directive to stop coal plant retirements.

At the hearing, FERC Chairman Kevin McIntyre highlighted the importance of protecting BPS resilience, and outlined how FERC is working with RTOs and ISOs to define how they can achieve this. The Commission also outlined its [inquiry](#) into possible changes to how interstate natural gas pipelines are certified under the Natural Gas Act; a recent FERC directive to staff to review the Commission’s policies under the Public Utility Regulatory Policies Act of 1978; how FERC is addressing the risk of cyber attacks on the bulk power system; and steps the Commission is taking to address increasing exports of natural gas.

Following these statements, the Senate Committee questioned the Commissioners on President Trump’s directive to the DOE to force grid operators to buy failing coal plants to stop them from closing, with FERC Commissioner Robert Powelson saying that this directive ‘threatens to collapse the wholesale competitive markets that have long been a cornerstone of FERC policy’.

In May 2018, the FERC and NERC published a [report](#) on the ‘blackstart’ capability of grid operators, saying that U.S. power grid operators have sufficient resources and capabilities to restore their systems in the event of widespread power outages, with all utilities evaluated also having comprehensive plans for mitigating against any future loss of blackstart resources.

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There was also a hearing on June 7 held by the House Energy and Commerce Committee's Subcommittee on Energy, focusing on licensing delays for non-Federal hydropower projects and the risks these pose to the economic viability of such projects. FERC Director of the Office of Energy Projects Terry Turpin [said](#) that delays could be mitigated through early collaboration between agencies on hydropower licensing and relicensing processes.

The FERC has issued two final rules aimed at [improving transparency](#) in organized electric power markets; and [improve the efficiency](#) of electricity interconnections.

The first final rule, also [presented](#) to the Chairman and Commissioners, aims to address concerns over the transparency of market operators, by requiring them to report monthly on their uplift payments; operator-initiated commitments and their reasons for them; and to include details on the transmission constraint penalty factors within their tariffs.

The second final rule, also [presented](#), adopts reforms aimed at improving the efficiency and effectiveness of the generator interconnection process, as well as combatting systemic inefficiencies, such as those caused by changing market forces or new technologies. This final rule has taken on board customer concerns over a lack of transparency, consistency of information, and overall delays in connecting new generation to the grid.

#### **[16-1150: Ameren Services Company et al v FERC](#)**

The District of Columbia Circuit has denied a petition of review by Ameren Services Company against a decision by the FERC to reject MISO's cost-allocation approach for interregional projects, stating that one of MISO's claims was not properly presented, and the FERC adequately responded to all other concerns in relation to their decision.

#### **[FERC asks for Mountain Valley Pipeline challenge to be thrown out](#)**

The Federal Energy Regulatory Commission has argued that because authorization for the \$3.5 billion Mountain Valley Pipeline has now been finalized, all appeals should be made to the D.C. Circuit under the Natural Gas Act, and therefore, any challenge to the pipeline in the Fourth Circuit Court should be thrown out.

[Law360 - Transportation](#) on Jun 21, 2018

#### **[Jason Stanek named Public Service Commission Chairman](#)**

Maryland Governor Larry Hogan has announced the appointment of former FERC adviser Jason Stanek as the new Chairman of the state's utility regulator, the Public Service Commission.

[E&E EnergyWire News](#) on Jun 22, 2018

#### **[Challenge dismissed against FERC ban on first-refusal rights](#)**

The U.S. Supreme Court has rejected a challenge by Ameren Services Co. against the FERC's decision to ban federal rights of first refusal in MISO's territory, ruling that such federal rights of first refusal for incumbent operators are collusive and anti-competitive, and are therefore not subject to legal protection.

[DC Circuit Court of Appeals - Opinions](#) on Jun 22, 2018

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## 4. Green Energy

### California regulators approve plan to mandate solar panels on new home construction

The California Energy Commission has approved a plan that will require most new homes built for single families, and condo and apartment buildings up to three stories to have rooftop solar panels installed from 2020. Homebuilders, utility companies and solar trade associations have welcomed the move, which will make California the first state to mandate solar panels on such a high proportion of new homes and forms part of the state's 2019 plans to reduce greenhouse gases and improve energy efficiency. However, critics have warned the move, which is expected to add an estimated \$9,500 on average to the cost of building new homes, will only worsen the affordable housing crisis in the state.

[CNBC Business News](#) on May 9, 2018

### Solar power eclipsed fossil fuels in new 2017 generating capacity: U.N.

A U.N.-backed report published in April has revealed that new renewable energy capacity installed around the world reached a record 157GW in 2017 – more than double the 70GW of new fossil fuel capacity created, and driven by Chinese solar power. Renewable energy investment also rose last year by 2 percent to \$279.8 billion, with China investing a record \$126.6 billion.

Fossil fuels continue to dominate, but renewable energy now makes up approximately 12.1 percent of global electricity (2017) – up from 5.2 percent in 2007.

[Reuters Environment News](#) on Apr 5, 2018

### New York reveals plan for jump-starting energy storage market

New York State Governor Andrew M. Cuomo has announced the state's Energy Storage Roadmap, which sets out plans for increasing New York's energy storage market to 1.5GW by 2025 through: \$350 million state investment, as well as new incentives for energy storage; regulatory changes to rates and licensing; and potential changes to wholesale market rules to increase participation in energy storage.

[North American Wind Power - News](#) on Jun 22, 2018

### Texas at forefront of renewable energy

According to new figures from the U.S. Labor Department, solar panel installers and wind turbine technicians are the two fastest growing jobs in the country, with over 24,000 of these jobs in Texas – the most across the country. Texas also has the highest number of wind turbines in the U.S., with 12,565 – California is second with 6,972.

[CBS News - Science/Tech Headlines](#) on Jun 22, 2018

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## 5. Oil, Natural Gas, & Pipelines

### **Natural gas could warm the planet as much as coal in the short term**

A new study by the Environmental Defense Fund has found that methane has been leaking from facilities at far higher rates than regulators previously believed, doubling the climate impact of natural gas and greatly undermining the environmental benefits of natural gas. The study suggests that the U.S. Environmental Protection Agency is understating the rate of methane leaks by an estimated 60 percent, potentially putting the short-term climate effects of natural gas on a par with coal-burning, at least in the short term.

[Science](#) on Jun 21, 2018

### **Federal trial concludes in South Portland pipeline lawsuit**

Arguments in the case of Portland Pipe Line Corp. v South Portland has concluded in the U.S. District Court in Portland, with Portland Pipe Line Corp. claiming that South Portland's 'Clear Skies' law interferes with federal regulations and unfairly discriminates against out-of-state competitors, while the city, which has twice attempted to have the lawsuit dismissed, argued that there is no longer a source of crude oil since plans to import crude oil from Western Canada were abandoned.

[Lexington Herald Leader - Business](#) on Jun 22, 2018

### **OPEC agrees to increase oil production**

Despite hesitation from Iran, OPEC ministers have agreed to increase production of oil by nearly 1 million barrels per day. Iran's Oil Minister Bijan Namdar Zanganeh told the group that OPEC was 'not here to receive instruction from President Trump', but has left Tehran's position on increasing oil production open. According to the [Wall Street Journal](#), though the agreement is to raise oil production by a nominal 1 million barrels per day, the actual increase is more likely to be around 600,000 per day.

[Herald Sun \(North Carolina\) - News](#) on Jun 22, 2018

### **What's next in the offshore drilling debate? Hint: It involves fish**

The National Marine Fisheries Service is currently considering whether to grant an incidental harassment permit for seismic testing in the South Atlantic – a move that could pave the way for permits to be granted by the Bureau of Ocean Energy Management for an expansion of offshore drilling. Environmental groups are watching this closely, with Oceana's campaign director for offshore drilling Diane Hoskins warning that allowing seismic airgun blasting would have catastrophic consequences on the environment.

[The Daily News - Jacksonville](#) on Jun 22, 2018

### **US on track to become world's top oil producer, oil exec says**

Speaking at the OPEC International Seminar in Vienna, Pioneer Natural Resources Chairman Scott Sheffield has said that US oil production is expected to surpass 11 million barrels a day within the next few months, and could reach 15 million a day within the next seven or eight years. This could move the U.S. beyond Russia as the leading oil producer in the world – Russia is currently producing 10.6 million barrels a day, with Saudi Arabia the third top oil producer at 10.1 million.

[SmartBrief - American Petroleum Institute](#) on Jun 22, 2018

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### **As pipelines proliferate, safety standards lag behind**

PHMSA administrator Howard Elliot has warned that safety regulations for automatic shutoff valves on pipelines across the country are still not close to being regulated, despite rules mandated under the 2011 Pipeline Safety, Regulatory Certainty and Job Creation Act. Of the 42 pipeline safety rules put in place by this Act, only 34 have been completed in full. Mr Elliot also cited a report that claimed as many as 35-55 percent of accidents at natural gas pipelines are preventable with proper regulations.

[Courthouse News](#) on Jun 21, 2018

### **Minnesota regulators near decision on disputed oil pipeline**

Minnesota's Public Utilities Commission has opened two days of hearings for final arguments for and against the Line 3 crude oil pipeline replacement project from Canada across Minnesota. Enbridge Energy – the company in charge of the pipeline – wants to replace the 1960s-built pipeline, because it can only currently use half of its capacity for light crude oil, safety reasons. The replacement project would restore capacity to 760,000 barrels per day to oil refineries across the Midwest. However, the proposed new route would go through the Mississippi River headwaters region, with its pristine lakes and wetlands, drawing intense opposition from tribal groups and environmental groups.

Following the final arguments, the Public Utilities Commission will make a final decision on whether to approve the project, and which route it should take towards the end of June, 2018.

[Minneapolis Star Tribune Business News](#) on Jun 17, 2018

### **Split FERC rejects challenges to Mountain Valley project**

The FERC has rejected calls from environmental groups for another hearing on the Mountain Valley Pipeline, giving the go-ahead for the 300-mile natural gas pipeline into Virginia. Following this, opposition groups have appealed to the Fourth Circuit Court against the decision.

[E&E News PM](#) on Jun 15, 2018

### **Is Eagle Spirit Energy's pipeline the new Northern Gateway?**

Despite the failure of Enbridge's Northern Gateway Pipeline in Northern British Columbia in 2016, Eagle Spirit Energy is working on plans for its own northern pipeline, with company leaders believing they can succeed where Enbridge Energy failed, by taking their route much further north, carrying undiluted bitumen (compared with the diluted bitumen proposed by Northern Gateway), and by having the full support of the First Nations. The project would still face some opposition on the ground, and could struggle if Prime Minister Justin Trudeau's ban on tankers goes ahead this year.

[CBC BC News](#) on May 12, 2018

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## 6. PHMSA

The Pipeline and Hazardous Materials Safety Administration (PHMSA) has released a [brochure](#) promoting its hazardous materials Accident Investigation Team's pilot program, launched in October 2017 to develop a comprehensive investigation process for serious hazardous material incidents. The PHMSA has also published a [request for input](#) on ways to improve its Emergency Response Guidebook in advance of its 2020 edition – particularly in regard to the response to hazardous materials transport incidents.

In April, PHMSA deputy administrator John Drake published a [written statement](#) to the Senate Committee on Homeland Security and Governmental Affairs Subcommittee on Federal Spending Oversight and Emergency Management, giving an overview of PHMSA plans to improve their emergency response to train derailments and accidents involving hazardous materials.

The PHMSA has also submitted a [written report](#) to Congress on two NTSB Pipeline Safety Recommendations following the investigation into a leak at the Colonial Pipeline Company pipeline in Virginia in September, 2015.

The PHMSA also [executed](#) a Consent Agreement and Order with Cheniere Energy on April 20, 2018.

### **[PHMSA clarifies rules for MC331 tests, MC300-series pressure relief valves](#)**

The PHMSA has issued an official correction to two cargo tank inspection rules, allowing MC331 trailers to immediately use the new, ten-year test and inspection period. Subparagraphs under 180.407(g)(1)(ii) have also been removed. The Truck Tailor Manufacturers Association is also seeking further clarification on contradictory language used around upgraded vents.

[Bulk Transporter - News](#) on Jun 20, 2018