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Energy and Climate Report

Afternoon Briefing - Your Preview of Today's News

The following news provides a snapshot of what Bloomberg BNA is working on today. Read the full version of all the stories in the final issue, published each night.

Cheniere's LNG Market Share Expands as Korea Contract Starts

Posted June 26, 2017, 02:23 P.M. ET

By [Ryan Collins](#) and [Naureen S. Malik](#)

Add South Korea to the growing list of regulars buying America's shale gas.

Cheniere Energy Inc., the sole exporter of liquefied natural gas from U.S. shale basins, commenced a 20-year supply agreement with Korea Gas Corp. at a ceremony in Louisiana on June 25. Under the deal originally signed in 2012, Cheniere will make available for delivery about 3.5 million tons of the supercooled fuel annually to South Korea, the world's second-biggest buyer last year, representing at least \$548 million of revenue per year.

Just last year, the first cargo of LNG from the lower 48 states sailed from Cheniere's Sabine Pass terminal in Louisiana. Now, buyers including South Korea, Mexico, Chile and Japan have set the U.S. on a path to becoming a net gas exporter for the first time in decades. As the surge in production from America's shale reservoirs transforms the nation into a global gas powerhouse, the U.S. may surpass Australia and Qatar to becoming the world's largest LNG supplier by 2035.

LNG may play an even bigger role in meeting South Korea's energy demand after the election of Moon Jae-in as president in May. Moon has promised to transition away from coal and nuclear power, favoring natural gas and renewables. With the Korea Gas supply agreement in place, Cheniere is in a position to capitalize on the policy shift.

"This guy is not into coal, and he's also said no new coal-fired generation. And on the nuclear front, he shut down Korea's oldest reactor," Madeline Jowdy, senior director of global gas and LNG at Pira Energy Group in New York, said in a phone interview June 23, referring to Moon. "What that means is that it's directionally good for the U.S." for LNG exports.

South Korea has already received eight cargoes loaded with Sabine Pass gas as of June 21, according to data compiled by Bloomberg. But the vessel that will arrive early next month will be the first to be received under the long-term supply deal.

The SM Eagle departed Cheniere's Sabine Pass June 3 and is headed for South Korea, according to vessel tracking data compiled by Bloomberg.

“The two countries are undergoing occasional disputes on issues of unbalanced trade and I’m personally so glad to see the bright future on this matter since today’s event can be the beginning of a significant rise in the Korean imports from the United States,” Lee Seung-Hoon, chief executive officer of Korea Gas, said at the event June 25.

South Korea bought 34.19 million tons of LNG last year, according to the [International Group of Liquefied Natural Gas importers](#), the second most after Japan.

Cheniere is already the biggest U.S. buyer of physical natural gas. And once all seven trains the company’s building at Sabine Pass and a Corpus Christi, Texas, terminal are online, it expects to be two to three times bigger than the second-largest consumer.

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House Panel to Mark Up Yucca Mountain Nuclear Waste Bill

Posted June 26, 2017, 10:45 A.M. ET

By [Ari Natter](#)

The House Energy and Commerce Committee will mark up legislation this week that would restart efforts to make Yucca Mountain the U.S. permanent repository for nuclear waste, committee spokesman Dan Schneider said in an email.

The draft bill, known as Nuclear Waste Policy Act Amendments of 2017, would advance licensing efforts that the Obama administration put on hold. The bill would also authorize the Energy Department to enter into contracts with private interim storage facilities before a permanent repository is developed.

Energy and Commerce’s Energy and Environment Subcommittee approved a draft Yucca bill on June 15. Among the three Democratic amendments that were all introduced and eventually withdrawn was one from Rep. Scott Peters (D-Calif.). It proposed removing language linking Energy Department agreement on interim storage with the final decision on Yucca Mountain. He wanted the interim storage to be able to move forward without Yucca authorization.

Yucca Mountain, located 90 miles northwest of Las Vegas, is opposed by Nevada Gov. Brian Sandoval (R) and most of the state’s congressional delegation.

China Says Qinghai Province Beats Portugal’s Clean-Power Record

Posted June 26, 2017, 9:34 A.M. ET

By [Bloomberg News](#)

The Chinese province of Qinghai in the nation’s northwest set a record by using clean energy for seven continuous days, surpassing the previous title-holder Portugal.

Electricity consumption in the province reached 1.18 billion kilowatt-hours for the week ending June 23, with 72 percent of the power from hydro plants and the rest from solar and wind, State Grid Corp. of China, the nation’s biggest power distributor, said in an emailed statement June 24.

The move set a record for clean energy delivery by duration. Portugal, where maximum power load is relatively equivalent to Qinghai, set the previous record last year when it got all its electricity from renewable energy for 107 hours, or less than five days, according to State Grid.

As of the end of May, renewable energy accounted for almost 83 percent of all the installed capacity in Qinghai, State Grid said. In the record-breaking week, the company used 67 million kilowatt-hours of electricity from new energy sources from other northwestern regions.

State Grid said it used systems that provide ultra-short forecasts for renewable energy output, analyze available sources and send alerts when clean power is available for purchase.

“Qinghai has good conditions to become a national integrated power base for renewable energy,” Xu Honghua, vice chairman of China Renewable Energy Society, said in the statement. The province could be a pioneer in deriving all power and heating from local renewable energy, he said.

Qinghai had 6.9 gigawatts of total solar capacity at the end of the first quarter, the third-most in the nation, according to National Energy Administration. This is roughly equal to the entire solar market in France at the end of 2016.

The province is also seeking integrated uses of clean energy and plans 3,300 megawatts of wind power for 2017, requiring an additional 330 megawatts of storage, according to the Chinese Wind Energy Association.

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Tariffs on Solar Panels Seen Slowing Industry Growth by 66%

Posted June 26, 2017, 8:37 A.M. ET

By Joe Ryan

A trade complaint asking the Trump administration to impose tariffs on solar panels could devastate the U.S. industry, wiping out two-thirds of solar systems forecast to be installed over the next five years, according to a June 26 report by [GTM Research](#).

The case, filed by bankrupt panel manufacturer Suniva Inc., would cause equipment prices to spike in the U.S. and prompt installations to fall to as low as 25 gigawatts from 2018 to 2022, down from GTM's current forecast of 72.5 gigawatts, GTM said. The report is the first on how tariffs may affect the industry.

Suniva, based in Georgia, brought the case to the U.S. International Trade Commission in April after filing for Chapter 11, saying tariffs are necessary for domestic manufacturers to compete with a surge of cheap panels from Southeast Asia. It's asking for duties of 40 cents a watt for solar cells, which now sell for 25 cents to 33 cents a watt. Much of the solar industry has objected, saying cheap panels have been the key to growth in the U.S.

“Suniva’s new trade dispute would strike a devastating blow to the U.S. solar market,” Cory Honeyman, GTM’s associate director of U.S. solar, said in an email. “Shock waves will be felt across all segments.”

Utility Scale

Suniva is “heartened” that the GTM report acknowledges the damage to the U.S. solar manufacturing industry and disappointed that it fails to quantify the risks in connection with the petition’s proposed remedy, Christian Hudson, an attorney for Suniva, said in a statement. A second company, SolarWorld AG’s U.S. unit, joined the case in May.

GTM found the biggest impact of tariffs would likely be on large-scale unity solar farms, which compete as an alternative to natural gas. Residential rooftop installations are less apt to take a hit.

Solar installations in the U.S. have soared in recent years, largely because of low-cost panels imported from Asia. The price of photovoltaic cells within these panels has declined nearly 50 percent since 2012, according to Bloomberg New Energy Finance.

The ITC will conclude its investigation by Sept. 22, and send its recommendations to President Donald Trump for a decision later this year.

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China ‘Future Proofing’ for Climate Change, Researcher Says

Posted June 26, 2017, 5:01 A.M. ET

By [Michael Standaert](#)

China is among the few countries preparing for a day when some coastal populations may need to move inland due to rising sea levels, according to a Cornell University [study](#).

Most governments with long coastal areas have yet to adequately plan for resettling populations due to climate change, the study said.

But China, which is among the top five countries with the most people living in low-elevation coastal zones, is “future proofing” through some of its policies, study author Charles Geisler told Bloomberg BNA June 23.

The study applauded some of China’s infrastructure developments. And it noted that China has built excess inland housing in areas that don’t yet have the population to fill all residential units.

It also cited China’s efforts to halt desertification in northern and western areas of the country, an attempt to increase the amount of arable land, as a positive strategy.

The study claimed that by 2100 as many as 2 billion people—out of an estimated global population of 11 billion—will have been forced to move because of climate-related rises in sea levels.

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