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APEX CLEAN ENERGY AND PLUG POWER ENTER PPA TO POWER LARGEST WIND-SUPPLIED GREEN HYDROGEN PLANT IN THE NATION

On 14 July 2021, Apex Clean Energy Inc. (Apex) and Plug Power Inc. (Plug Power) announced a power purchase agreement (PPA) to supply a green hydrogen production facility with 345 MW of power generated by onshore wind facilities. The PPA is the product of a collaboration agreement previously executed by the parties in September 2020, which calls for the parties to develop a network of green hydrogen facilities that leverages Apex's pipeline of renewable energy projects.

The green hydrogen plant will be jointly developed by Apex and Plug Power. At present, the PPA represents the largest wind-supplied hydrogen project in the United States and the largest onshore wind-supplied hydrogen project in the world. Once operational, the project is anticipated to produce more than 30 metric tons of clean liquid hydrogen per day.

CYBERSECURITY LEGISLATION ADVANCES TO SENATE

On 19 July 2021, the U.S. House of Representatives approved a pair of bills aimed at preventing cyber threats facing critical energy infrastructure by expanding the role of the U.S. Department of Energy (DOE) and calling for increased information sharing between government and industry.

The “Energy Emergency Leadership Act” (H.R. 3119) enhances DOE's leadership authority on urgent cybersecurity issues by elevating energy emergency and cybersecurity responsibilities as critical functions at the agency. The Act additionally charges DOE with the creation of a new assistant security position to focus on energy security issues.

The “Enhancing Grid Security through Public-Private Partnerships Act” (H.R. 2931) authorizes DOE to provide physical and cybersecurity assistance to electric utilities where the Secretary has substantial concerns and the area's electric utilities have fewer available resources due to size or region. It would require the submission of a report addressing physical and cybersecurity vulnerabilities in electricity distribution systems. Support from DOE would include providing tools for self-assessment, assisting with threat assessment and training, and increasing the sharing of best practices and data collection. The Act additionally directs the secretary to collaborate with a diverse array of stakeholders, including industry participants, states and federal agencies, in efforts to create better security around utilities' physical and cyber operations.

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FIRST IN NATION'S LOCAL NATURAL GAS BAN IS UPHELD IN FEDERAL COURT

On 6 July 2021, the U.S. District Court for the Northern District of California issued a decision in California Restaurant Association v. City of Berkeley regarding Berkley's new ban on natural gas hook-ups to newly constructed buildings--the first of its kind in the country. The decision effectively upheld the natural gas ban.

The Berkeley ban on natural gas was challenged under the U.S. Energy Policy & Conservation Act (EPCA). EPCA was designed to conserve energy and directs the U.S. Department of Energy to set water and energy efficiency use standards for a number of covered appliances, including large systems like furnaces, water heaters and HVAC systems. EPCA expressly preempts state and local rules “concerning the energy efficiency, energy use, or water use” set for the same appliances covered by EPCA. The local ordinance was challenged under the premise that it requires appliances covered by EPCA to consume “zero” natural gas. The court concluded that EPCA does not preempt ordinances that don't directly address the U.S. Department of Energy's efficiency standards or that require a particular use of a covered product, noting that a ban on natural gas infrastructure is outside the purview of the preemption provision.

The decision could enable other states and localities to implement natural gas bans by reducing risk of successful federal preemption arguments.

MIDWESTERN COAL PLANTS CONTINUE TO CLOSE UNDER MARKET PRESSURES

On 19 July 2021, Vistra Corporation announced that it will close a 1,300 MW coal-fired power plant near Cincinnati, Ohio, by 2027. Like many coal-generation facilities, profit margins are highly dependent on interconnector capacity revenues. The price of capacity has fallen by 67 percent for the 12 months starting in June of 2022, and as prices continue to fall, older less-efficient fossil fuel generators have been hit the hardest.

A previous edition of the Energizer (Volume 92) chronicled NRG Energy's decision to close similar coal facilities. Across PJM, more than 8,000 MW of coal-fired facilities that received capacity payments for the 12-month period ending in May 2022 did not clear the auction in this April. PJM will experience a reduction of 6,300 MW of base load capacity in the coming years, all from coal plant closures.

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