

2020: The Year Of The Great Energy Disconnect

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2020 obviously will be the Year of the Pandemic. However, when it comes to energy, 2020 will also be known as the Year of the Great Disconnect. Thanks to the COVID-19 Pandemic, never have fossil fuels been more important for human health, yet never have they been more disparaged and misunderstood. From boycotts on investment in fossil fuels to demands that countries end any use of fossil fuels within 10 years lest the world climate suffer irreparable damage, 2020 saw the beginnings of international open season on fossil fuels, just as they were needed most.

Most importantly, nearly all of the Personal Protective Equipment (PPE) and most of the machinery and equipment in Intensive Care Units in hospitals are manufactured using fossil fuels. In fact, many pharmaceuticals also use fossil fuels in their manufacture. Without fossil fuels, it is difficult to imagine how the world would have fought COVID-19. Strikingly, the same people who have been so vocal about immediately ending the use of fossil fuels for heat, transportation and all other uses have raised no objection to the massive ramp-up in PPE production. Nor would these same people apparently argue against the use of necessary drugs that have fossil fuel based ingredients.

Another example of the mass disconnect between energy reality and government policy is happening right now in China. During 2020, China came under immense criticism for its initial handling of the COVID-19 epidemic in Wuhan and for its Wolf Warrior style of aggressive diplomacy. Targeting China most consistently has been Australia, which has been very vocal about Chinese actions and policies it considers improper.

China responded in a variety of ways, including embargoing Australian coal. At least 50 Australian ships loaded with coal were left stranded off the Chinese coast as China sought to impose its will on Australia. However, instead of teaching Australia a lesson, the result has backfired with power blackouts in major Chinese cities due to China's pyrrhic action. In fact, the blackouts are reported in Zhejiang province in eastern China, Hunan and Jiangxi provinces in southern China and Guangdong province in southeastern China all manufacturing centers. These blackouts therefore threaten Chinese production of innumerable products, including COVID-19 PPEs, at a time when they are needed most, to say nothing of the problems they pose to normal daily life.

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Yet another of the great disconnects lies in the divestment movement pertaining to fossil fuel stocks. Just this month, the New York State pension fund announced plans to divest from many of the fossil fuel stocks in its portfolio over the next five years and sell its shares in other companies that contribute to global warming by 2040.

While fighting global warming is a laudable goal, the divestment seems a curious move at a time when we have no practical substitutes to fossil fuels for our energy and as a building block for pharmaceuticals and PPEs. New York State still has the largest number of deaths from COVID-19 among American states. One can only wonder how much worse the situation would have been had divestment forced the bankruptcy, or at least shrinkage, of many of the fossil fuel companies?

American politics also showed the magnitude of the disconnect between fossil fuel reality and political posturing. Much of the last two weeks of the campaign was dominated in states like Pennsylvania by President-Elect Biden and Vice-President Elect Harris backtracking on their stated positions to end hydraulic fracturing (fracking). The Biden/Harris ticket won Pennsylvania, but its massive retreat from the no fracking pledge that is so dear to the Progressive movement portends a major intra-party struggle over the next four years.

That disconnect already is playing out locally in the northeast. On December 9 the Delaware River Basin Commission gave final approval by a 4-0 vote to a proposed natural gas export terminal along the Delaware River in Southern New Jersey. This approval came in the face of consistent opposition against nearly all things natural gas by New Jersey Governor Phil Murphy (who voted yes) and New York Governor Andrew Cuomo (who abstained). Earlier this year Governors Cuomo and Murphy had vetoed final permits for the Northeast Supply Enhancement Pipeline in Raritan Bay to ensure that New York City had sufficient natural gas, supposedly on environmental grounds. In December, however, they refused to vote against a major natural gas export also located on a major body of water. Reality has a way of changing peoples political stances.

Finally, the energy disconnect was put into stark relief by decisions in San Francisco, Berkeley, Seattle and other cities to ban the use of natural gas for new building construction.. The natural gas bans are part of a movement to electrify new construction with the goal of incentivizing the use and production of more renewable sources by simply eliminating the competition. Missing in the thought process, however, was recognition of how we currently produce electricity in this country. Renewable sources presently account for less than 20% of that production, with the bulk being generated by nuclear, coal, petroleum or natural gas power plants. Natural gas remains the largest source at 38% in 2019. Given the limitations on scaling up renewables using current scientific knowledge, and an infrastructure that has been built almost entirely for fossil fuels and not renewable sources, what exactly are these cities accomplishing with their bans except to drive up the cost of business, create artificial energy shortages, and otherwise make their power sources less reliable?

As 2020 ends, as a new Presidential administration begins and as the COVID-19 crisis recedes (we hope), both the United States and the entire world will have to restart much of their lifestyles and economies. Hopefully in energy, at least, 2021 will be characterized by clearer thinking than was the case in 2020.