

Energy & Natural Resources

COVID-19 is already impacting the energy markets for a variety of reasons, including manufacturing and transportation delays and labor stoppages. The slowdown or cessation of manufacturing in China and potential slowdowns at ports of entry may result in a delay in delivery of key supply chain components, such as solar energy panels. The inability to obtain parts needed for construction of projects, or obtain key replacement parts as part of regular maintenance or repair, will impact energy generation and related contractual requirements. Parties should closely review contractual commitments, such as power purchase agreements, to identify material obligations tied to product delay or cancellation. Such delays may impact the ability to meet performance requirements, key contractual milestones, and guaranteed energy production requirements.

The potential impacts of COVID-19 also extend to energy regulatory compliance matters, including Resource Adequacy and Renewable Portfolio Standards compliance, as well as the ability to take advantage of the Investment Tax Credit. Developers and load-serving entities expecting new generation to count towards these obligations, especially in the near-term, should evaluate if manufacturing interruptions may push back the commercial operation dates and whether mitigation measures such as substitution may be necessary. In some circumstances, despite delays, the Investment Tax Credit may still be available, but parties should ensure that they receive adequate documentation supporting delays and explore alternative solutions.

Among issues affecting the petroleum industry is sustaining the complex and integrated supply chain of critical transportation fuels and fuel for electric generation seamlessly and operationally. The teams of personnel necessary for this effort will, in many instances, call

for physical proximity for support, operation and maintenance efforts at production fields, refineries, distribution pipelines and distribution facilities. These efforts are necessary for sustaining airport operations, all manners of transportation, and electric generation essential to our daily lives. The implications of a health constraint to isolate individuals in this supply chain is at the very least a challenge and will in all instances create restrictions that must be addressed for the retention of critical infrastructure and emergency services.