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ENERGY LAW REPORT



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Energy and Infrastructure in a Pandemical World

*By Robert A. James**

The author explains that, after COVID-19, every facility will be to some degree a health care facility.

The globe is reeling from the impacts of the COVID-19 pandemic and the reactions of governments, organizations and individuals to the threat. Energy policy is in flux, as oil prices have continued their sharp decline in a vise-grip combination of higher production and lower demand. Infrastructure development has arrested, as stay-home orders and decreased usage have stymied both current construction and new work orders.

At the same time, signs are encouraging that curve-flattening helps countries and economies weather the initial storm. Even with some activities and businesses allowed to continue, the infection rates in much of Asia, Europe and North America are increasingly being accommodated by current or bolstered health care resources. After an 11-year economic expansion, governments are in position (or at least in a better position than if this outbreak had occurred years into a bear market) to direct trillions of dollars in compensation and subsidy to affected people and institutions.

We will emerge from our homes with the resolve to recover our economies and improve our societies. The earth will be a different place, with the potential for second and later waves of the pandemic. The virus causing COVID-19 is the seventh of the coronaviruses known to have jumped to humans, and there is no guaranty there will not be an eighth. That its transmission appears to occur primarily by heavy respiratory droplets rather than long aloft aerosols is one of the few fortunate aspects of our situation, but there is no guaranty that we will continue to be so lucky.

We therefore need to emerge with an altered consciousness of how critical sectors will rebuild and continue, in a world in which pandemics and mandates for social distancing may recur. Those of us who lead the development, financing, and operation of energy and infrastructure projects should be active participants in the changes to come.

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ENERGY IMPACTS

- *Increasing long-term electrification of the energy mix.* The portion of total energy use slated for power generation, already increasing in the transportation sector, will likely rise over time in this and other applications. Electricity from renewable generation, made more suitable for baseload thanks to battery and fuel-cell storage, will be in greater demand in the long run. In the near term, however, decreased energy demand and the potential loss of tax credits and other incentives will challenge the industry. The power draw from widespread working at home and greater online communication has not strongly impacted overall demand to date, but this is a part of the energy mix to watch as remote working and e-learning remain part of the landscape.
- *Facilities and operations designed with social distancing in mind.* Complex energy facilities—everything from production platforms to biofuel refineries—will be designed and retooled to increase distance between employees and to increase the use of automation, robotics, and drone observations.
- *Petrochemicals outlook.* The hydrocarbon molecule is a wonder and can often produce greater value in finished products than as a means to boil water or drive a piston. Chemical makers, facing lower input costs, may be able to generate new products critical in this new era. Applications may be expanded in sanitation, physical separation, packaging and health care.

INFRASTRUCTURE IMPACTS

- *Re-localization of some of the supply chain.* When COVID-19 was centered on Wuhan and then on China, enterprises of all types faced the consequences of having so many links of their supply chain in a single distant region. We may see greater demand for manufacturing, storage, and distribution closer to customers, as a matter of risk diversification and expedited delivery. “Just in time” inventory techniques may be relaxed to provide a greater cushion against sudden interruption. Some regions in the United States and of individual states may be better suited than others to resume manufacturing, based on housing costs, workforce availability and education, and transportation logistics.
- *Flexibility in facility use.* Manufacturing facilities may be modified to permit greater capability to produce needed items on an urgent basis. We are currently witnessing the example of automotive plants being retooled to pump out mechanical ventilators.

- *Accommodations for distancing and remote working.* After years of design intended to enhance interpersonal interactions and reduce square footage, offices, stores, and factory floors will need to be laid out mindful of six-foot distancing and meetings regularly conducted with mostly online participants. Tenants will want to be able to install partitions and restrict access in the event of contamination, and robust digital infrastructure will be needed to support ever-larger amounts of internet traffic.
- *Construction resiliency.* If worksites are subject to shutdown orders, then prefabrication in controlled and distanced environments may increase in use. Workplaces with more capability for meals and even housing may be advantaged. Hospitals are already currently renting hotel rooms for those who do not wish to travel home or expose their families.
- *Spurs to automation, robotics, and resilient careers.* If a workforce is subject to sudden removal, the drivers in favor of automation will only strengthen. Educational and career selection decisions will be colored by the prospect that one kind of job may be more vulnerable than other kinds to exposure or contamination, and to stay-home orders or termination.
- *Health care specialties needed in general environment.* Select design and construction professionals have expertise and credentials in hospital and life science infrastructure. They may experience greater demand as industrial, commercial, and transportation facilities seek protections like safer partitioning, remote temperature sensing, and negative-pressure air circulation. In a pandemic¹ world, every facility is to some degree a health care facility.

SUMMARY

Simply put,

- The energy and infrastructure sectors will emerge from the COVID-19 pandemic only with modifications to address the possibility of recurrence.
- Distanced work environments, localized supply sources, and more flexible production methods are all in our future.
- Many facilities may incorporate hygienic features previously seen primarily in hospitals and life science buildings.

¹ “Pandemic” turns out to be a word; see <https://en.wiktionary.org/wiki/pandemic>. It is used here to describe not a specific outbreak, but a world in which pandemics, and reactions like social distancing and stay-home orders, occur and can recur.

CONCLUSION

Energy and infrastructure professionals should participate in the broader discussion of pandemical conditions. For example, the precautionary principle behind six-foot distancing may be examined to determine its effectiveness, and whether closer protected work for short time periods or in outdoor environments can be tolerated.

The appetite for public sponsorship and subsidy, and for private as well as public investment, will be greatly tested as some of the government's focus shifts to unemployment, displacements in job opportunities, and the hard-hit retail, hospitality, and tourism sectors. Health care provision and finance, the search for diagnostics, treatments, and vaccines, the safe movement of people and goods across borders, and many other policy topics deserve the contributions of those who create and run our backbone facilities.

I hope that our present common experience leads our debates—whether in public forums or at the dinner table—to have greater respect for numeracy, for experts, for science, and above all for facts. As Nobel laureate Richard Feynman said, “For a successful technology, reality must take precedence over public relations, for Nature cannot be fooled.”