

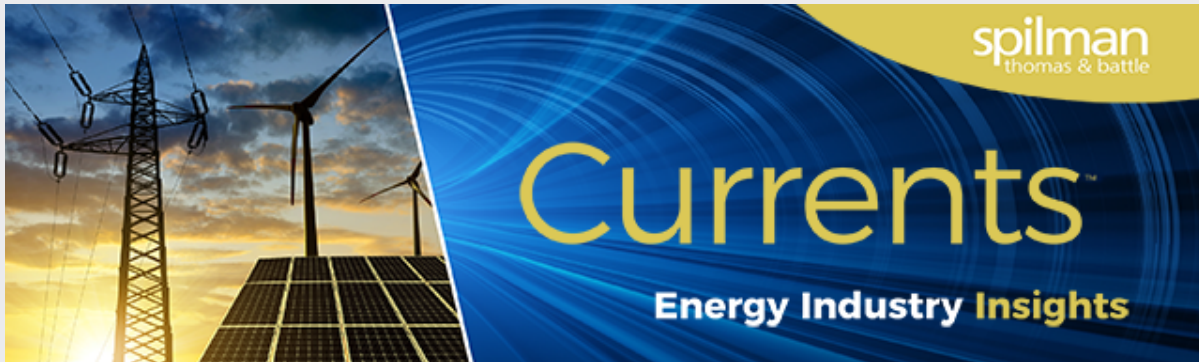
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Volume 5, Issue 5

● [Welcome](#)



Welcome to Volume 5, Issue 5 of *Currents*. Do you have any topics you would like us to cover? **Please let us know!**

We hope you enjoy reading.

[Nicholas S. Preservati](#)

Co-Chair, Energy Practice Group

● [Exxon, Chevron CEOs Discussed Merger Last Year](#)

"Chevron's Mike Wirth and Exxon's Darren Woods spoke as the Covid-19 outbreak hurt oil and gas demand, adding financial strain to both companies, Dow Jones said."

Why this is important: The effects of the global pandemic may be far reaching enough to bring about the reversal of the breakup of Standard Oil, the monopolistic oil giant created by John D. Rockefeller and ended by the U.S. government in the early 20th century. It seems that losses of 30 percent and 23 percent respectively in 2020 were sufficient to cause the CEOs of Exxon and Chevron to discuss a possible merger of these two oil companies late last year according to sources. Even if such a merger does not come to fruition, the mere fact that it is being discussed may signal a coming reshuffling of energy producers as the markets adjust to historic losses in the wake of the COVID-19 global outbreak. -

-- [Alexander Macia](#)

● [Poland Adopts 2040 Energy 'Compass' to Navigate Away from Coal](#)

"But rising carbon emission costs and the impact of COVID-19 have forced the government to focus on strategic allocation of state funds to kickstart the economy."

Why this is important: Poland has long resisted European Union pressure to reduce carbon emissions to a carbon neutral position by 2050. But rising emission costs and the COVID-19 impact on its economy have caused the nation to develop a new energy plan through 2040. The plan now calls for an increase in renewables to 23 percent by 2030. The increase will come in adding 5.3 GWs of new wind and nuclear power. These changes, which are occurring across Europe, will result in greenhouse gas emissions reductions of 30 percent by 2030. As described by one government official, the plan is a compass to a zero emissions economy. --- [Mark E. Heath](#)

● [Senator Ed Markey Introduces Environmental Justice Data Bill](#)

"According to Markey's office, the 'Environmental Justice Mapping and Data Collection Act of 2021' aims to create funding for a system that would identify and collect data on factors that impact environmental justice, including demographic, environment, socioeconomic status and public health."

Why this is important: Environmental Justice is becoming a hot topic at both the state and federal level. For example, the Virginia State Corporation Commission presently is seeking to implement the newly enacted Virginia Clean Economy Act, legislation that requires electric utilities in the state to transition to 100 percent carbon-free power by 2050. The Virginia legislation specifically obligates parties to consider and address environmental justice issues to ensure that disadvantaged communities do not shoulder a disproportionate share of the burden of compliance. In practice, the parties have struggled with how to define and apply environmental justice issues. This legislation would serve as a useful tool and provide helpful data in analyzing environmental justice impacts. --- [Carrie H. Grundmann](#)

● [Incremental Progress is the Pathway to a Decarbonized Electric Grid](#)

"The North American Reliability Corporation—the international regulatory authority that develops and enforces electric reliability standards across North America—points out the way electricity system operators keep the lights on is fundamentally changing due to an increasing number of power plants that are 'unpredictable and less energy-assured.'"

Why this is important: Solar and wind are clean energies, but they are intermittent and there are extended periods when neither can supply power. Natural gas is supposed to be the bridge fuel to provide power when they are down, but generation of gas-powered electricity is sometimes hindered by natural gas shortages. Electricity outages may increase in the future if states and localities continue to restrict natural gas pipeline construction and otherwise restrict natural gas power generation. --- [David L. Yaussy](#)

● [The Oil Industry has More to Fear from Elon Musk Than It Does Joe Biden](#)

"But one hard truth remains: last year tied with 2016 for the hottest on record and unless nations get their arms wrapped around climate change, the consequences could be alarming."

Why this is important: While the consequences of the 2020 election may seem to have created a whip-saw effect on energy producers, especially the oil companies given the Biden administration's return to carbon neutrality as national energy policy, it may well be that the markets themselves will play a dominant role in the reshaping of the energy industry. Indeed, dozens of utilities have announced net-zero carbon targets over the past decade, and other players are welcoming the increased electrification of the U.S. economy. In fact, electric vehicle production is increasing so rapidly that by 2040, it is estimated that almost 58 percent of all new vehicles sold will be electric, thus creating a demand for a more robust electricity grid. In the meantime, a major question looms over the continued role to be played by the petroleum industry in the U.S. and its impact on employment and emissions. --- [Alexander Macia](#)

● [Tesla's Dirty Little Secret: Its Net Profit Doesn't Come from Selling Cars](#)

"The 11 states which will require a certain percentage of cars to be zero emission vehicles, or the automakers to purchase credits from a company like Tesla which has exceeded the target, are California, Colorado, Connecticut, Maine, Maryland, Massachusetts, New York, New Jersey, Oregon, Rhode Island and Vermont."

Why this is important: Some states require auto companies to sell a certain percentage of zero-emission vehicles in-state; if they can't, they have to buy credits from an automaker who does. Enter Tesla, which makes only such vehicles and has credits to sell. The result? Tesla received \$1.6 billion in credit payments in 2020, when its net income was \$720 million. Some argue that it is losing money on cars, but making money on credits. How long that will last, as the other car makers' fleets electrify, remains to be seen, but many people have bet against Elon Musk to their chagrin. --- [David L. Yaussy](#)

● [Lawmakers Spike Moratorium on Coal Plant Closures](#)

"The Wyoming House of Representatives killed an amendment requiring the Wyoming Public Service Commission to impose a 15-year moratorium on retiring coal-fired power plants in the state."

Why this is important: The Wyoming Legislature has perhaps temporarily killed a bill amendment that would have mandated that coal-fired electrical generation plants in the state stay in operation for 15 years. Legislators backing coal plan to attempt to pass the provision in another bill. Wyoming has suffered a number of mine closings in the past few years from declining coal demand. In 2019, Rocky Mountain Power announced it was considering closing its electrical coal-fired generation plants in the state early as it believed renewable power would be cheaper. Opponents of this 15-year provision are concerned Wyoming could end up with higher cost generation plants if other states refuse to buy coal-fired electrical generation from plants located in Wyoming. --- [Mark E. Heath](#)

● [How America's Power Grid is Vulnerable to Undetected Cyberattack](#)

"It is believed that the transformer was grabbed because of fears of 'backdoor' electronics which could be activated, or which were timed by its Chinese manufacturer to change the operation and affect the electric grid."

Why this is important: This article tells the story of an electrical transformer weighing over 250 tons that was quietly seized by the Department of Energy and the Department of Homeland Security in Houston due to concerns that its electronics contained a backdoor that could allow it to affect the electric grid. This is a wake-up call that one of the real cybersecurity dangers to the electric grid doesn't lie in

networks, but instead in hardware like transformers and turbines. This hardware can be disrupted or compromised without the usual IT alerts being triggered. The Stuxnet infection of uranium centrifuges is an example. There, the centrifuges were compromised and ran erratically to the point of failure without any IT alerts being triggered. President Joe Biden has stated he will make a commitment to ensure cybersecurity is a priority and urges that the subject of backdoor vulnerabilities in hardware must be made a part of that priority. --- [Nicholas P. Mooney II](#)

● [GM Aims to End Sale of Gasoline, Diesel-Powered Cars, SUVs, Light Trucks by 2035](#)

"GM sold 2.55 million vehicles in the United States last year, but only about 20,000 were EVs, the Chevy Bolt hatchback."

Why this is important: General Motors plans to make almost all electric vehicles by 2035. That means all its cars, SUVs and light trucks will be battery powered. Last year, GM sold 2.55 million vehicles and only 20,000 were electric vehicles. GM plans to spend \$27 billion in developing electric and autonomous vehicles. The automaker worked with the Environmental Defense Fund in developing this strategy. This strategy will meet California's new requirements as the state plans to ban the sale of new gas powered vehicles by 2035. The automaker also plans to make all its production facilities carbon neutral by 2040. Sales of electric powered vehicles continue to grow dramatically in the U.S. and worldwide. Tesla sold almost 500,000 electric vehicles in 2020. --- [Mark E. Heath](#)

● [Energy Question of the Week](#)

Last Issue's Question and Results

Do you agree with the United States' decision to rejoin the Paris Climate Accord?

Strongly Agree - 19.1%
Moderately Agree - 13.7%
Neutral - 14.5%
Moderately Disagree - 16.8%
Strongly Disagree - 22.9%
Other - 13%

How significantly must gas prices rise before you change your driving habits?

\$0.50 a gallon

Select

\$0.51 to \$1 a gallon

Select

\$1.01 to \$2 a gallon

Select

Over \$2 a gallon

Select

Price Will Not Affect My Driving Habits

Select

Do Not Know/Not Applicable

Select

● EIA Energy Statistics

Here is a round-up of the latest statistics concerning the energy industry.

PETROLEUM

This Week in Petroleum

Weekly Petroleum Status Report

NATURAL GAS

Short-Term Energy Outlook - Natural Gas

Natural Gas Weekly Update

Natural Gas Futures Prices

COAL

Short-Term Energy Outlook - Coal

Coal Markets

Weekly Coal Production

RENEWABLES

Short-Term Energy Outlook

Monthly Biodiesel Production Report

Monthly Densified Biomass Fuel Report

What are your areas of interest? If there are particular industries or issues that you would like to hear about, [email us](#)! We have a large number of attorneys willing to weigh in on the issues that impact you and your business.

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