



# ***Rodney's Take***

May 31, 2021

## **The Last Summer of Cheap Gas?**

Happy Memorial Day! Traditionally, this is the unofficial start to summer, when families air out the camper and load up the station wagon, er, SUV, for the all-American road trip. This year, we'll pay a bit more at the pump. The national average for gasoline is \$3.04 per gallon, which is more than 50% higher than the \$1.94 per gallon we paid last year and is the highest price we've paid for gas during this time of year since 2014.

It could be about to get worse.

An activist hedge fund, Engine No. 1, just won at least two seats on the board of ExxonMobil. The hedge fund campaigned for the seats by claiming the oil giant is not doing enough to position for climate change. About the same time, Royal Dutch Shell lost a court case over greenhouse gas emissions. A judge ordered the company to follow a prescribed path to lower not only the company's greenhouse gas emissions, but also those of its clients.

Both situations point to the possibility of large energy companies turning away from oil and gas exploration well before renewable energy is ready for prime time. Electric vehicles make up just 2% of the U.S. fleet, and they suffer both from limited range, especially when towing or in poor weather, and from long recharging times. There's also the pesky issue of the lack of recharging stations, which will make matters worse.

We will still use internal combustion vehicles for years to come. If energy companies curb exploration and production before we can efficiently transition to electric vehicles, then the cost of gas and diesel will march higher as supply dwindles. Russia and OPEC members will enjoy profit windfalls, while drivers around the world, including Americans on future summer road trips, pay the price.

Enjoy this summer of relatively cheap gas while you can, and have a safe Memorial Day weekend.

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*Got a question or comment? You can contact us at [info@hsdent.com](mailto:info@hsdent.com).*