



VedderPrice

Global Transportation Finance Newsletter

September 2024

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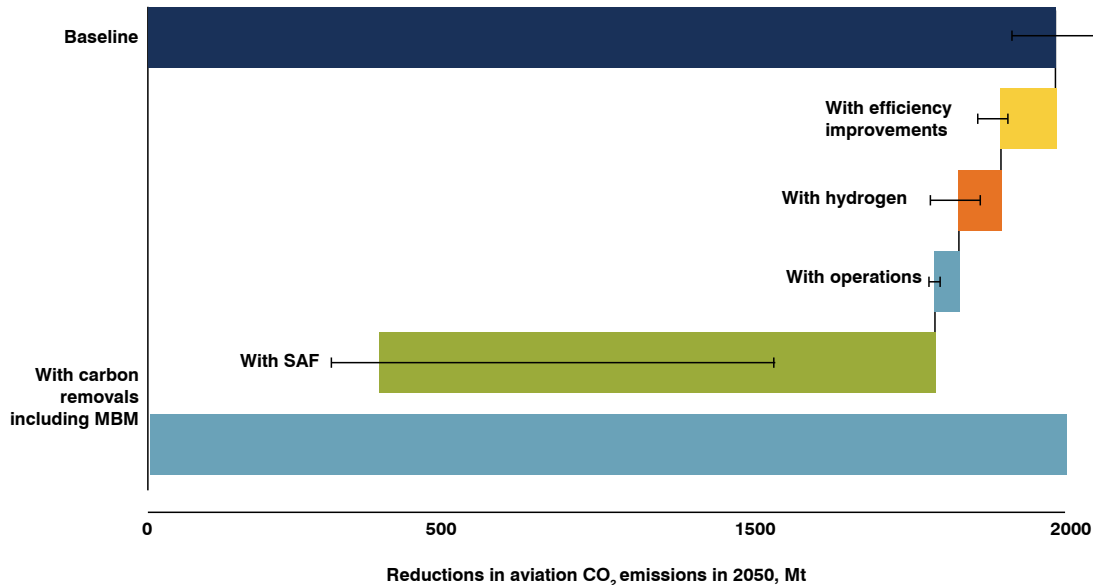
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SAF: Understanding Lifecycle Emissions

The Executive Summary to the International Air Transport Association's (IATA) Net Zero Roadmaps¹ acknowledges that aviation is "one of the hardest sectors to decarbonize" but notes that the International Civil Aviation Organization acknowledged "international aviation's contribution to 14 of the 17 United Nations Sustainable Development Goals (SDGs), including SDG 13: "Take urgent action to combat climate change and its impacts."" As set forth in The Energy and New Fuels Infrastructure Roadmap, IATA's central scenario "requires [Sustainable Aviation Fuel (SAF)] to represent 80-90% of aviation fuel use in 2050, reducing aviation emissions by 62%."

Chart 2: Reduction in aviation CO₂ emissions in 2050 achieved through the different levers of action. The solid bar indicates the central case and the black lines indicate maximum and minimum reductions based on the scenarios modeled.



Source: IATA Sustainability and Economics, ICAO LTAG SAF availability scenarios

The need to increase SAF production has been the subject of government intervention on both sides of the Atlantic. In September 2021, the U.S. Department of Energy, U.S. Department of Transportation and U.S. Department of Agriculture entered into a Memorandum of Understanding, "Sustainable Aviation Fuel Grand Challenge," that aims to achieve a minimum of 50 percent reduction in lifecycle greenhouse gases compared to conventional fuel and to meet 100 percent of aviation fuel demands by 2050,² which will require billions of gallons of SAF to be produced annually.³ The emphasis on lifecycle greenhouse gases means every stage of production matters.

The need to increase production to meet the requirements of mandated levels in Europe is also broadly understood. However, given that SAF made up less than 0.1 percent of total airline fuel consumed in 2023,⁴ strong growth will need to continue. SAF production is projected to double in 2024,⁵ and will need to continue growing year-on-year. Recent developments in the United States and Europe aim to provide SAF producers and airlines incentives and, in Europe, mandates, to bolster demand for SAF.

Fuel mandates – the EU and the UK

The U.S. federal government continues its position of incentivizing the development of SAF as its main lever to encourage the scale-up of SAF production, but the incentives are time-limited, for now,⁶ as the establishment of a bipartisan sustainable aviation caucus in June of this year has been taken as a positive sign for the longevity of the incentives by some.⁷

In contrast, in the European Union, the ReFuelEU mandates ensure there is a market for SAF,⁸ whilst incentives through the EU's Emissions Trading Scheme provide up to €2bn in financial incentives to adopt SAF.⁹



Justine Chilvers Named to Airline Economics 2024 "40 under 40" List

Jeffrey Veber, Cameron Gee and Neil Poland Named to 2024 Mentor Group

Justine Chilvers, Vedder Price Shareholder and member of the Global Transportation Finance team, was named to *Airline Economics* 2024 "40 under 40" list, which recognizes the most talented individuals in the commercial aviation industry under the age of 40.

The *Airline Economics* 40 under 40 Class of 2024 was compiled from another record number of nominations and endorsements, many from senior members of the wider aviation community. The 40 members selected for the final list received 1,624 endorsements in total, with the majority coming from clients.

The article announcing the list highlighted that Justine's knowledge and expertise within her field have allowed her to contribute significantly to the ever-changing and dynamic legal landscape of the aviation industry. Additionally, *Airline Economics* notes that Justine is described by her clients as having a "solutions-based approach" and is also recognized for bringing "a calming influence over complex legal negotiations." Clients also acknowledge Chilvers as someone who has a refreshing approach and strong focus on "finding efficient and effective resolutions to problems."

In addition, members of the Global Transportation Finance team Jeffrey Veber, Cameron Gee and Neil Poland were each recognized as being a leading Aviation Industry Mentor for 2024. The list includes the industry's most respected mentors and inspirational leaders nominated by members of the "40 under 40" list. Jeff and Cameron were nominated as mentor by Justine Chilvers and Neil was nominated as mentor by his former colleague Suraya Tegally, partner at Keystone Law.

Year ¹⁰	SAF Fuel Uplift Mandate (%)	Synthetic Fuel Uplift Mandate (%)
2025	2	-
2030	6	0.7
2035	20	5
2040	34	10
2045	42	15
2050	70	35

Following the recent change in government in the United Kingdom, the mandates for aircraft operating out of the United Kingdom were confirmed by the Labour administration on 22 July 2024¹¹ -- increasing 1.6% year-on-year from 2025 to 2030 and then variably by between 0.75% and 1.4% to 2040. From 2040 the obligation will remain at 22% until there is more clarity on how the supply of SAF will develop. From 2027, the UK's mandate also requires innovation in the feedstocks that can be used, imposing a cap on feedstocks derived from hyperprocessed esters and fatty acids (HEFA) and, from 2028, including a separate power-to-liquid (PtL) obligation:

Example Years	SAF fuel uplift mandate (% of total fuel)	Permitted HEFA proportion (% of total fuel)	Power to liquid (% of total fuel)
2025	2	0	0
2030	10	7.1	0.5
2035	15	7.8	1.5
2040	22	7.8	3.5

The UK's mandate provides a buy-out option which permits SAF suppliers who are unable to meet their supply obligations to pay a price per litre of £4.70 for the main SAF mandate and £5.00 for the PtL obligation to the UK government as a means to alleviate concerns over sufficiency of supply and over excessive costs to airlines and their passengers.

The UK government continues to consult on a revenue certainty mechanism for producers of SAF, to encourage investment in new SAF plants in the UK.

U.S. Developments in 2024

The United States has taken to incentivizing production through the IRS and Department of Energy who released tax guidance on April 30, 2024 and clarified the Greenhouse Gases, Regulated Emissions, and Energy Use in Technologies (or **GREET**) model, used to calculate the production tax credit under Section 40B or 6426(k) (**40BSAF-GREET**). The model places greater emphasis on farming practices that will lead to SAF and has been hailed as the first such model to recognize such climate-smart agricultural practices: "The USDA and Department of Energy deserve praise for diligently ensuring this first step is being taken with respect to [Climate Smart Agriculture] practices," said Brian Jennings, CEO of the American Coalition for Ethanol.¹²

The tax guidance provides safe harbors for calculating emissions reduction percentages, which in turn affect the corresponding tax deduction available for a company. In order to qualify for a tax credit of \$1.25 per gallon, there must be a lifetime greenhouse gas emissions reduction of at least 50%. Any reduction in lifecycle emissions over 50% percent is valued at US\$0.01 per percentage point, providing further incentive to use SAF that produces greater reductions in lifecycle emissions.¹³

40BSAF-GREET also integrates the USDA's Climate Smart Agriculture Pilot Program, which allows for agricultural practices that can result in lower carbon emissions and carbon sequestration.¹⁴ Chiefly affecting corn and soybean farmers, this safe harbor should help increase domestic production from corn ethanol producers who may otherwise have experienced reduced demand for ethanol in automobile gasoline.¹⁵



Edward Gross Receives 2024 David H. Fenig Distinguished Service in Advocacy Award

Eddie Gross was awarded the 2024 David H. Fenig Distinguished Service in Advocacy Award by the [Equipment Leasing and Finance Association \(ELFA\)](#). This award is presented annually to a member of ELFA based on their contributions in promoting the association's advocacy programs outside of the organization. Eddie has been a member of the organization for more than 30 years, bringing knowledge regarding aviation and general equipment leasing and financing to each of the leadership roles he has held within ELFA. The receipt of the David H. Fenig Distinguished Service in Advocacy Award marks the third honor since Mr. Gross joined the association, following his receipt of the Distinguished Service Award in 2008 and the Edward A. Groobert Award for Legal Excellence in 2011.

Global Transportation Finance Attorneys Recognized in *Spear's Magazine* Aviation and Yachts Index 2024

Eddie Gross, Neil Poland and David Hernandez were named to the exclusive [Spear's Magazine list](#) of the "best aviation and yacht lawyers for high-net-worth individuals" in 2024. Each distinguished attorney selected offers comprehensive services to help clients navigate build contracts, ownership structures, registration, insurance, dispute resolution, management and commercial considerations. Their experience assures clients that any obligations throughout the lifetime of their assets are confidently fulfilled.

Super Lawyers®

Global Transportation Finance Attorney Named to Super Lawyers: Rising Stars of California 2024

Simone Riley was named to Thomson Reuters' Super Lawyers Rising Stars of California 2024 list. Simone was recognized on Super Lawyers' Southern California list of honorees for her work in the Aviation and Aerospace legal space.

To lift production capacity and gain a deeper understanding of environmental effects, SAF research received continued support in 2024 through the continuation of funding for the Center of Excellence for Alternative Jet Fuels and Environment (**ASCENT**), a research organization with 16 research universities and 60 private-sector stakeholders conducting 72 active research projects, many covering SAF.¹⁶ The FAA awarded \$27.2 million in March 2024, with matching in-kind by ASCENT partners.¹⁷

SAF traceability and greenwashing

Operators are learning that it is becoming paramount that they understand where and how their SAF is being produced as traceability is a common thread running through updated models and tax policy, making it necessary to understand the reduction in lifecycle greenhouse gases.

As more fuel products reach the market as “green,” fuel consumers will be asking what that means. Understanding the fuel’s lifecycle greenhouse gas emission reduction percentage helps fend off claims of “greenwashing”, which have affected airlines in Europe.¹⁸ The European Commission has raised concerns about “using the term “sustainable aviation fuels” without clearly justifying the environmental impact of such fuels.”¹⁹ In the UK, the Advertising Standards Authority (the **ASA**) upheld a complaint against a Virgin Atlantic radio advertisement that claimed a flight from London to New York used 100% sustainable aviation fuel was misleading – the flight was operated using 100% SAF but the ASA felt consumers would be misled to believing the fuel itself was 100% sustainable when it actually “delivered savings of 64% in greenhouse gas emissions compared to fossil derived aviation fuel over its full lifecycle”.²⁰ Accordingly, good traceability on the lifetime emissions reductions can be translated into airline consumer information, helping to fend off such greenwashing accusations – thus highlighting the interplay between a desire to meet emissions reduction, achieving mandates, accessing tax incentives and avoiding claims of greenwashing.



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**Global Transportation Finance
Business Aviation Practice and
Attorneys Recognized in *Chambers*
HNW Rankings 2024**

The Business Aviation team was ranked Band 1 by *Chambers* in the 2024 High Net Worth list. In addition, three Global Transportation Finance attorneys were also recognized by *Chambers*’ High Net Worth Rankings 2024. Eddie Gross and David Hernandez were ranked Band 1 and Derek Watson was ranked Band 2.



John Pearson co-hosted a round table with lessors at Philip Lee LLP on CORSIA where they explore the global aviation industry’s efforts to address climate change.



John Pearson moderated a panel at the [Airline Economics Growth Frontiers London Conference](#). John guided a discussion during the forum on “Rethinking Sustainability-Linked Loans in the Aviation Sector – how can banks drive true ambition.” His panel discussed the legal and environmental impacts of using sustainability-linked loans, a type of financing that adjusts interest rates based on the sustainability efforts made by the borrower. The two-day conference was dedicated to professionals in aviation finance, leasing, sustainable aviation fuel, carbon trading and advanced air mobility.



John Pearson will be attending the Aviation Carbon in London and ALI’s Global Sustainability Day in Dublin in November

EU Sanctions: “No Russia” and “No Belarus” Clauses

Introduction of “No Russia” Clause

On 18 December 2023, the EU introduced its 12th package of Russian sanctions by amending its Russian sectoral sanctions regime as governed by Regulation (EU) 833/2014¹ (as amended from time to time the **Regulation**). The amendments were made by way of Regulation (EU) 2023/2878² and took effect on 19 December 2023 and were subsequently further amended on 24 June 2024 pursuant to Regulation (EU) 2024/1745.³

The initial amendments introduced a new requirement to include a “No Russia” clause, which has significantly impacted the aviation industry. Specifically, article 12g of the Regulation (Article 12g) requires EU companies to contractually prohibit the re-exportation to Russia and re-exportation for use in Russia of sensitive goods and technology (including aircraft, aircraft engines and their parts) when selling, supplying, transferring or exporting those items to a third country, with the exception of certain “partner countries.”

Article 12g applies to all contracts entered into by a company based in the EU with a counterparty in a jurisdiction that is not an EU Member State or located in a “partner country” which countries are set out in Annex VIII of the Regulation and currently comprise Australia, Canada, Iceland, Japan, Liechtenstein, New Zealand, Norway, South Korea, Switzerland, the UK and the USA.

Scope

The requirement to include a “No Russia” clause applies to all new contracts concluded from 20 March 2024 and also applies retrospectively to all existing contracts concluded prior to 19 December 2023. It applies to all contracts that govern “selling, supplying, transferring or exporting.” In an aviation financing and leasing context this has been interpreted to include many of the principal documents for aviation transactions including operating leases, financing leases, sale agreements and maintenance agreements.

The retrospective requirement is subject to a transition period (being the earlier of 1 January 2025 or the expiry date of the contract). Accordingly, aircraft leasing companies based in the EU have not only been considering including a “No Russia” clause in their new contracts but have also been investigating what other actions should be taken to ensure compliance with the Regulation in relation to existing contracts.

On 24 June 2024, the EU created an exemption for Article 12g in relation to public contracts concluded with a third country public authority or with an international organisation. Where exporters are seeking to rely on this exemption, they must inform the competent authorities of the Member State in which they are based of the entry into such contracts.

Compliance

In order to assist companies in complying with the “No Russia” clause requirements, the EU published guidance on 22 February 2024⁴ (the Guidance) (as updated on 15 July 2024). The Guidance provides a suggested “No Russia” clause (the Sample Clause), which the EU would deem to satisfy all the relevant requirements of Article 12g. However, the Guidance specifies that parties remain free to draft their own clause.

In practice, leasing companies generally elect to draft their own “No Russia” clause rather than use the Sample Clause because it is broadly seen as overreaching the legal requirements of Article 12g; particularly the Sample Clause seeks to impose (i) a “best efforts” obligation to prevent export or re-export to Russia, which is very difficult to comply with in the context of a highly moveable asset and given the nature of operating leases and (ii) a potential penalty of the value of the Aircraft for breach of the Sample Clause, which may contradict any legal prohibition on penalties (as provided under English law, for example) and certainly beyond the actual Article 12g requirement for “adequate remedies” only.

Introduction of “No Belarus” Clause

On 29 June 2024, the EU adopted additional sanctions on Belarus which mirror the measures that have been imposed on Russia. The new measures notably introduce similar anti-circumvention provisions and a “No Belarus” clause requirement pursuant to article 8g of Regulation (EU) 2024/1865 (Article 8g).⁵ Notably, the Article 8g requirements apply only to contracts entered into from 1 July 2024, with no retroactive application.

May 5–7, 2024

Eddie Gross spoke at the [Equipment Leasing and Finance Association \(ELFA\) 2024 Legal Forum](#) in Scottsdale Arizona. Eddie participated in several roundtable discussions over the three-day conference that covered AI and the equipment financing implications of the 2022 amendments to the Uniform Commercial Code (UCC) and other advanced UCC issues.

June 24–26, 2024

Tony Renzi from our Securities and Capital Markets group spoke at the 2024 Marine Money Week held in New York. Tony lead a conversation on “Hafnia’s Public Markets Journey,” alongside Hafnia’s Chief Finance Officer, Perry W. Van Echtelt. His discussion offered insights on the company’s emergence into the capital market under the New York Stock Exchange (NYSE), the Oslo Stock Exchange and more, and how this journey has impacted Hafnia’s trajectory for financial growth.



DEAL CORNER

Vedder Price Advises Magnetic Leasing in Portfolio Financing Transaction

The Global Transportation team represented Magnetic Leasing in connection with the closing of a secured term loan with specialty finance and alternative asset management firm volofin Capital Management. The primary focus of the transaction was to finance mid-life narrowbody aircraft, engines, and landing gears and represents a first structured financing facility as part of ongoing expansion strategy efforts. Magnetic Leasing is a sub-brand of Magnetic Group, a lessor and asset management company specializing in mid-end-of-life narrowbody assets. Partner Neil Poland led the team along with Josh Alexander, Jack Goold and Ben El-Gamal.

Penalties for Sanctions Breach

Failure to comply with EU sanctions regulations can have serious consequences: if an aircraft, its engines or parts are exported or re-exported to Russia or Belarus in breach of sanctions, contracts may be subject to scrutiny by Member States to check for compliance with Article 12g or Article 8g, as applicable, and, additionally, whether there was any failure to take adequate due diligence in relation to the relevant counterparty in the first instance.

On 19 May 2024, Directive (EU) 2024/1226⁶ came into force, setting out the minimum penalties which Member States must incorporate into their national legislation for sanctions breaches:

- For individuals: a maximum term of imprisonment of up to five years, depending on the nature of the breach, in addition to possible fines, disqualification and publication of decision related to prescribed criminal offences; and
- For companies: the penalty that is given depends on the offence, and companies may be subject to fines of up to 5% of their turnover or €40 million.

Given its focus on anti-circumvention, the EU will likely take a strict view of any structuring which could be used to avoid compliance. It is significant that Article 12g and Article 8g were introduced by the EU as additional requirements to the general aviation sanctions restrictions in Article 3c of the Regulation – this can be seen as a further indication that the EU would expect additional steps to be taken to mitigate any compliance risk.

Actions for Leasing Companies

It is clear that many aircraft leasing companies have been taking a prudent approach in determining which contracts will be affected by this requirement, and have been reviewing existing contracts to ensure compliance with current sanctions requirements.

However, the market has diverged on its approach towards implementation of a specific form of clause – it is generally considered that despite the robust sanctions provisions baked into most aviation contracts, an additional affirmative action is required to ensure compliance with Article 12g and Article 8g. At the strictest end, parties have amended their contracts to include an appropriate “No Russia” or “No Belarus” clause, whilst others have opted to notify counterparties of the change in law and basis upon which they consider the requirements of Article 12g to be satisfied by existing contractual provisions.

US State Court Split in Russia Insurance Cases

In two separate Russia insurance cases in the United States, differences in choice of law yielded opposite results to the question of whether aircraft seized by Russia following the invasion of Ukraine constituted physical loss or damage under the aircraft lessor’s hull insurance policy. In Florida, a state court applying Florida law found that “Florida law holds ‘physical loss’ requires some physical change to the insured property.”⁷ Because the aircraft continue to operate in Russia, there was no physical change to the property. In contrast, a California state court applying California law has found that “‘physical loss or damage’ as used in the [p]olicy reasonably may be read to refer to a government seizure of an aircraft” despite lack of physical damage.⁸



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Vedder Price Represents Initial Purchasers in \$622 Million Aviation Loan ABS

The Global Transportation team represented Apollo Global Securities, BNP Paribas, Mizuho and RBC Capital Markets, as initial purchasers, in connection with the \$622 million inaugural aviation loan ABS by PK AirFinance, a leading aviation lending platform and affiliate of Apollo. Apollo Global Securities acted as sole lead arranger and Redding Ridge Asset Management acted as structuring agent. PK ALIFT Loan Funding 3 LP, Series 2024-1, issued five classes of notes with more than \$622 million aggregate principal amount. The proceeds of the notes are being used by the issuer to acquire the rights to the economics of a portfolio of 122 senior secured aviation-related loans through the acquisition of 100% of a series of limited partnership interests of a PK AirFinance-managed origination vehicle. Shareholder Jeffrey Veber led the team along with Shareholders Kevin MacLeod and Clay Thomas, with Associates Jillian Musa, Sarah Branch and Alexandra Davidson.

Vedder Price Advises Virgin Atlantic in Structured Financing Transaction

The Global Transportation team represented Virgin Atlantic in connection with the structured financing of its final Airbus A350-1000 aircraft which delivered in May 2024. The transaction was structured as a French optimized lease funded with a senior loan led by three lenders, Natixis, MUFG and La Banque Postale. The senior loan was backed by an insurance product provided by Itasca MGA as insurer agent. The transaction also featured a junior loan to Virgin Atlantic arranged by Novus Aviation Capital and provided by Tamweel Aviation Finance. Neil Poland and Josh Alexander led the transaction with other members of the Global Transportation team, including Jack Goold.

Vedder Price Advises Hafnia Limited in NYSE Secondary Listing

Vedder Price acted as U.S. legal counsel to Hafnia Limited in connection with its successful secondary listing on the New York Stock Exchange (NYSE). With a market capitalization of approximately \$4 billion, Hafnia Limited has been listed on the Oslo Stock Exchange since April 2020. This secondary listing on the NYSE achieves a number of strategic objectives including (i) broadening Hafnia’s investor base; (ii) enhancing the company’s access to international capital markets; (iii) providing new investors with increased access to Hafnia’s commercial performance and

The Mod Rule: Offshore Wind Is a Unique Opportunity for the Maritime Industry

On April 24, 2024, the U.S. Bureau of Ocean Energy Management (“**BOEM**”) and the U.S. Bureau of Safety and Environmental Enforcement (“**BSEE**”) announced that they had finalized changes to the Renewable Energy Modernization Rule (the “**Mod Rule**”).² These changes, which went into effect on July 15, 2024, are intended to streamline the permitting process for the offshore wind industry that has historically been affected by a lengthy and costly approval process. Industry experts predict the Mod Rule will cut the previous five-year permitting process in half and create \$1.6 billion in savings over the next 20 years for the offshore wind industry.³

In 2021, the Biden administration set an ambitious goal of installing 30 gigawatts of offshore wind by 2030 and further incentivized developers with federal tax credits in the Inflation Reduction Act of 2022.⁴ Ships are fundamental to achieving this mission: vessels are required from project planning through the deployment of wind turbines and personnel to construct the development and on to post-construction maintenance. To date, redundancies and commercial impracticability in the permitting process has hindered the expansion of offshore wind. As an example, Ørsted announced last year it was abandoning its Ocean Wind I and II projects off the coast of New Jersey due to financial infeasibility.⁵ The Mod Rule intends to provide regulatory certainty and cost-saving measures to encourage further development.

Under prior regulations, BOEM required developers to receive approval through a Site Assessment Plan (“**SAP**”) to deploy meteorological buoys (“**met buoys**”) and first allow developers to collect data to inform designs on their lease area. The U.S. Army Corps of Engineers (the “**Army Corps**”) separately requires a Nationwide Permit 5 (“**NWP 5**”) to survey navigable waters as well. When BOEM was established in 2010, met towers fixed to the ocean floor by foundations collected most of the met information. Now, met buoys anchored to the ocean floor offer a less invasive way to collect met data. The shift to met buoys encouraged BOEM to eliminate SAP approval in the Mod Rule since Army Corps approval is already required to deploy non-fixed-bottom met buoys. The Mod Rule also removes the limited lease requirement for buoys deployed in off-lease areas to promote future offshore wind development as the NWP 5 process already regulates it.

Until now, BOEM’s environmental and technical reviews of the Construction and Operation Plan (the “**COP**”) required BOEM, alongside federal and state agencies, to examine a proposed project before green lighting it, reviews that could take up to five years to complete. The extended time between assembling surveys for COP and the completion of review by BOEM often meant that some design features of the project would prove unnecessary after waiting years for review. Inflexibility at this level meant that developers would also be unable to incorporate technologies that emerged after the COPs, with the installed equipment then being significantly behind technological advancements. The Mod Rule permits stage collection of data through project design envelopes (“**PDEs**”) in COP submissions, which will allow for greater flexibility within the COP review process to submit a range of design parameters that can shift with innovative technology or economic considerations that impact development feasibility, which can result in additional savings for the developer.

Relevance of Offshore Wind to Maritime Industry

The relevance of offshore wind to the U.S. maritime industry lies in the Jones Act,⁶ which Congress passed in 1920 to ensure the longevity of the U.S. maritime industry for wartime needs. The Jones Act mandates that only U.S. flagged ships, built in the United States, owned and crewed by Americans can move cargo from one point in the United States to another. The modern interpretation of the Jones Act views an offshore wind turbine as a point, meaning a vessel embarking from the United States to an offshore wind site in U.S. waters must be Jones Act-qualified.

A typical offshore wind farm may require as many as 25 types of vessels—to lay cable, transfer crew, address surveying, lift components, monitor the environment, install, maintain and service turbines—many of which will require construction of new Jones Act-compliant vessels⁷ and create jobs, both onshore and offshore. Current guidance states that a foreign ship may lay the foundation for an offshore wind turbine, but Jones Act-qualified vessel are required to ferry parts to the site. While wind turbine installation vessels (“**WTIVs**”) exist globally, there are none in use that meet Jones Act requirements. Dominion Energy is currently constructing Charybdis, the country’s first Jones Act-compliant WTIV, for \$625 million with a possible launch in 2025.⁸

proven track record of shareholder returns; and (iv) generating increased value for its shareholders through additional trading liquidity. Hafnia is one of the world’s leading tanker owners, transporting oil, oil products and chemicals for major national and international oil companies and chemical companies, as well as trading and utility companies. Securities and Capital Markets Shareholder Anthony Renzi led the legal team that also included Shareholder John Blatchford and Associates Juliette Todd and Sam Esclavon.

Vedder Price Represents Windstar Cruises in Significant Cruise Ship Transaction

The Global Transportation team represented Windstar Cruises in connection with its purchase of two new all-suite Star Class ships. This marked a significant acquisition for Windstar, a leader in the small ship luxury cruising sector. Hoyoon Nam led the team’s efforts in the transaction, along with Erin Gormley in the New York office and Partner Dylan Potter and Solicitor Niovi Antoniou in the London office, showcasing the firm’s jurisdictional reach and expert capabilities in the broader maritime space.

Chevron Implications

The future of offshore wind may be tested in the courts after the U.S. Supreme Court overruled *Chevron* deference in *Loper Bright v. Raimondo*⁹ in June 2024. *Chevron U.S.A., Inc. v. Natural Resources Defense Council, Inc.*¹⁰ has insulated agency action for the last 40 years and provided agencies deference when interpreting ambiguities within federal statutes. Now, if ambiguities arise on agency's interpretation of a statute, it is up to the courts to determine if it is reasonable. This new era of implementing environmental laws, like new offshore wind permitting rules, is made more uncertain by the rejection of *Chevron*, and it will likely create challenges to promulgating new regulations in the future.

BOEM and BSEE receive their authority through the U.S. Department of Interior, which derives power from the Outer Continental Shelf Lands Act¹¹ and its most recently amended version, the Energy Policy Act of 2005.¹² These statutes grant BOEM and BSEE the authority to provide leases for energy production, transportation or transmission of the Outer Continental Shelf. While the Mod Rule appears to be a clear extension of BOEM and BSEE's statutory authority, it may face challenges given that the plaintiffs in *Loper Bright* have historically opposed offshore wind development in New Jersey.

While the rejection of *Chevron* may create rough waters, the Mod Rule will provide needed improvement to the permitting process and promises to bolster widespread involvement of the maritime industry in the development of offshore wind. The maritime attorneys at Vedder Price are monitoring regulatory developments and would be happy to assist clients in navigating these changes.



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2024 MARINE MONEY WEEK IN NEW YORK

During the 2024 Marine Money Week conference in June, we hosted a memorable dinner at Del Frisco's in New York City. The evening brought together industry professionals for a night of engaging conversations and networking. Attendees delved into the latest trends and insights in the maritime sector, making it a standout event during the conference.



28TH ANNUAL CHI-STAT RECEPTION

Vedder Price proudly sponsored the 28th Annual Chi-Stat Reception, a remarkable event celebrating Chicago's vibrant commercial aviation sector. This year's reception brought together industry leaders and innovators, highlighting the significance of Chicago's role in the aviation industry.

We had the privilege of joining esteemed Chi-Stat hosts, including Thomas Heimsoth, Nick Popovich, Dean Gerber, C.N. (Pete) Seidlitz, Greg May, Stan Chmielewski, Chris Cox, and Petar Todorovic, AM, in supporting this long-standing tradition. The event perfectly aligned with our commitment to fostering growth and innovation within the industry.

Our thanks go to the hosts and attendees who made the evening a resounding success. Together, we continue to shape the future of aviation.



Endnotes

Sustainable Aircraft Fuel by John Pearson and Anne Marshall

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The Mod Rule: Offshore Wind is a Unique Opportunity for the Maritime Industry by Hoyoon Nam

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