

LCFS heats up in Washington's Capitol

The Senate Transportation committee convened in Olympia on November 20th for a work session. During this session, the Office of Financial Management offered a presentation on Recommendations for the Carbon Emissions Reduction Taskforce as well as the recently released Low Carbon Fuel Standard Report done by Life Cycle Associates entitled "A Low Carbon Fuel Standard in Washington State" (see www.ofm.wa.gov/initiatives/cleanfuelstandards/documents/Carbon_Fuel_Standard_evaluation_2014_revised_draft.pdf for more details)

We highly encourage all WOMA members to watch the TVW and see the presentation. Essentially, the presentation is much of what we have already seen in the past several months. The Senate Transportation members asked several question regarding what we could expect this upcoming session, and none of the presenters would comment on any of those questions. We will continue to follow, monitor, and engage in all conversations related to carbon tax, cap & trade, and LCFS moving into the next session. Stay tuned, as it could be a long road ahead in Washington State.

Become a Member of the Washington Consumers for Sound Fuel Policy – It's FREE!

Washington Consumers for Sound Fuel Policy (www.wasoundfuelpolicy.org/herc/wp-content/uploads/2014/09/SupportForm.pdf) is a coalition of Washington energy consumers, businesses, community leaders and industry stakeholders committed to representing the interests of businesses and consumers in the debate over how best to reduce greenhouse gas emissions. The big hitters in the state, such as WSPA, WOMA, WTA, AWB, AGC, and BIAW (just to name a few) are members of this Coalition. But we would like to encourage each and every business and marketer member of WOMA to be part of that membership.

It costs your business NOTHING, but adds to the grassroots effort in our state to make sure common sense prevails for our industry and its consumers. All you have to do is sign up! And we could certainly use your help. Register online today by visiting the website: [www.wasoundfuelpolicy.org!](http://www.wasoundfuelpolicy.org/)

Outcome of General Election a Victory for WOMA

Historically speaking, the mid-term elections in a president's last term typically favor the party not in power, as voters are continually dissatisfied with their leaders. This was again the case following the November 4th general election where republicans ran the table across the country, taking control of the United States Senate and expanding their numbers in the House of Representatives. This wave likewise impacted legislative races in Washington State where republicans were able to hold onto their small majority in the Senate and narrowed their minority status in the House in a record-setting \$28 million battle for control in Olympia.

For WOMA members, this was one of the most critical elections we have faced in years. Governor Jay Inslee has made it no secret that his number-one priority is addressing climate change, and his key strategies include the adoption of a low carbon fuel standard

(LCFS), as well as the market-based approaches of cap and trade and/or a carbon tax. For the past two legislative sessions the only thing stopping the governor's agenda from advancing has been 24 republicans joined by two democrats, controlling the Senate 26 to 23. This being the case, the environmental community targeted five key Senate races, needing to win only two, for the specific purpose of implementing the governor's climate change initiatives.

Being well aware of the stakes involved, WOMA members pulled out all the stops, investing tens of thousands of dollars in direct political contributions and independent campaign expenditures to protect the targeted candidates and ensure a politically balanced legislature. The end result is that our efforts paid off handsomely. All eight WOMA-backed Senate candidates (7 incumbents, 1 challenger) prevailed, and three of five challengers in the House prevailed, with only one certain loss and one race too close to call at this time. The net result is that the republicans (25 R's, joined by 1 D) will maintain control of the Senate 26 to 23. In the House, Republicans picked up two confirmed seats and maybe as many as five (three races are too close to call but leaning R at this time). Prior to the election, the House was divided 55 D to 43 R seats. Should the final results work out in our favor, the new numbers will be 50 D to 48 R seats. That would be a substantially meaningful outcome, giving us a chance to bring moderate democrats to our side in the ongoing climate change debate.

The 2014 general election outcome was perhaps the best we could have hoped for, and we are very pleased. That said, we still face numerous challenges as the governor's agenda will continue to move forward and the state faces projected multi-billion dollar budget deficits going into 2015. We are, however, comfortable in knowing that we will have a voice in any policy matters of importance to our members, and will not be run over by a lopsided majority in the legislature.

EIA Predicts Oilheat Homes to Pay Less for Heat this Winter

Prediction backed-up in both US and Globally

On October 7, the National Association of State Energy Officials, in partnership with the U.S. Department of Energy's Office of Electricity Delivery and Energy Reliability and the U.S. Energy Information Administration (EIA), convened the 2014-2015 Winter Energy Outlook Conference in Washington, D.C.

This year's conference included a presentation on EIA's 2014 Winter Fuels Outlook as well as panel discussions with well-known industry representatives and energy experts about factors likely to affect energy markets this winter in the United States and globally.

The EIA projected a decline in heating costs for consumers. With lower consumption anticipated and retail price projections showing a reduction, homeowners using heating oil will spend 15% (\$362) less, on average, than last year if long-term weather forecasts hold. If temperatures are as little as 10% warmer than anticipated, the savings may be as high as 24%.

This analysis was supported by Seth Kleinman, Global Head of Energy Strategy, Citi Group, who highlighted various worldwide and domestic forces that should continue to keep oil prices down:

- **Pipeline and other infrastructure developments in the U.S.** have led to downward pressures on pricing for U.S. produced oil. Additionally, the amount of shale oil entering the market is affecting international markets.
- **The geopolitical pricing premium for crude oil** appears to be shrinking as speculators have been liquidating their positions, and the amount of oil traded by speculators on ICE Brent is down 75 percent from its peak.
- **At the same time the supply situation is looking positive**, the demand side of the equation also points to lower prices. Mr. Kleinman indicated that Citi economists continue to forecast tepid global GDP growth in 2015 with only pockets of outperformance here and there. August revisions cut the 2014 outlook by 10 basis points to 2.8% and trimmed 2015 global growth estimates to 3.4% from 3.5%. Japan and Europe are likely to expand quantitative easing programs later this year, but with negative real rates and sluggish inflation expectations, growth is expected to keep struggling in these major economies in the coming year.
- **Additionally, there are a number of new refineries** coming online in the Middle East, south Asia and the former Soviet Union, which will continue to put pressure on refinery margins.

The continued downward movement of heating oil prices in recent weeks supports Mr. Kleinman's remarks.

At the same meeting, John Huber, President of National Oilheat Research Alliance, described the efforts of the heating oil industry to improve its product. He reported on the efforts of the Northeastern states to move to a low-sulfur heating oil product, which improves efficiency and dramatically reduces emissions. He said that this step would also lead to long-term improvements in heating equipment as it is offered to consumers.

Additionally, Mr. Huber described the efforts of the Oilheating industry to move to ever-increasing blends of heating oil and renewable biodiesel. These steps will reduced greenhouse gas emissions and position the industry to be a long-term solution as a renewable fuel for millions of American customers.

Tobacco, Taxes, Treaty Rights: In pursuit of a cigarette empire

By Kate Prengaman
– The Yakima Herald

Nine years ago, in a quiet corner of the Yakama Reservation where the sprawling Lower Yakima Valley meets the foothills of the Cascade Mountains, Delbert Wheeler began planning to shake up the nation's tobacco market.

The controversy that followed eventually stretched from the remote reservation community of White Swan to Mississippi and Washington D.C., and has had all the elements of a fictional thriller: undercover informants, a briefcase of cash delivered by private jet, a raid by heavily armed federal agents, legal tests of the Yakama's treaty rights and mobster tough talk.

Taxes are the core issue: Who pay, or better yet, who shouldn't or didn't and why.

Wheeler, owner of King Mountain Tobacco, argues that cigarettes manufactured on tribal land are shielded from state and federal tobacco taxes by the Yakama Nation's treaty. The company stopped making federal excise tax payments in 2011 but since resumed payments while challenging their legality in court.

Read the rest of this article by going to www.yakimaherald.com/news/2542535-8/tobacco-taxes-and-treaty-rights-in-pursuit-of

Holiday Party was a Racing Success!

December 9th 2014: WOMA Holiday Party
at Emerald Downs Race Track



Dates to Put On Your Calendar:

- January 12th 2015: First day of Legislative Session in Olympia, WA
- February 17th – 19th 2015: WPMA Convention in Las Vegas, NV
- June 22nd – 25th 2015: WOMA Convention
at Suncadia Resort, Cle Elum, WA

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Lea Wilson
Executive Director,
Washington Oil
Marketers Association

State Holiday Greetings *continued*

WOMA/NACS 2013 *continued from page 23*

<i>2013 NACS State Industry Report</i>	Average Per Store	Washington
Total Stores:	1	3,363
Total Employees:	15	50,445
Transactions per Day:	1,130	3,800,190
Total Sales:	\$4,628,920	\$15,567,057,960
Merchandise Sales:	\$1,022,991	\$ 3,440,318,733
Food Service Sales:	\$ 209,690	\$ 705,187,470
Total Motor Fuel Sales:	\$3,533,579	\$11,883,426,177
Total Motor Fuel Gallons:	1,018,322	3,424,616,886
Total Credit Card Expense:	\$ 74,542	\$ 250,684,746
Total Utilities Expense:	\$ 39,528	\$ 132,932,664
Total Labor Expense:	\$244,068	\$ 820,800,684
Pre-Tax Profit:	\$ 47,254	\$ 158,915,202