

March 20, 2009

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WP-03-20-09

BIPARTISAN LEGISLATION INTRODUCED TO INCREASE E85-CAPABLE VEHICLES

Representatives Eliot Engel (D-NY), Steve Israel (D-NY), Roscoe Bartlett (R-MD) and Bob Inglis (R-SC) introduced legislation that would require half of new U.S. automobiles to have the ability to run on E-85 or M-85 (85 percent methanol) beginning in 2012. Flex fuel vehicle (FFV) supporters argue that it is relatively inexpensive to add E-85 capability to carmaker fleets and that more FFVs on the road would create a market for alternative fuel distribution to expand. U.S. automakers have said that they support an increase in E-85 vehicle production; however, it is unclear whether they could go along with the plan due to the current economic environment.

SOUTH CAROLINA CONGRESSMAN PUSHES FOR CARBON TAX

This week, Representative Bob Inglis (R-SC) circulated a draft bill that would directly tax carbon emissions as an alternative to a cap-and-trade plan. Inglis highlighted that a cap-and-trade system would place an enormous tax burden on businesses and would open the door for Wall Street speculators to trade carbon derivatives. His proposal would tax carbon at \$15 per metric ton of carbon beginning in 2010 and the tax would rise to \$100 by 2040 adjusted for inflation. The revenue from the carbon tax bill would go towards lowering employers and employees' payroll taxes by ten percent in the first year. Most Congressional Democrats and the Obama Administration, support a cap-and-trade proposal. Only a handful of Democrats support a carbon tax including Representative John Larson (D-CT), who is chairman of the House Democratic Caucus and the third-ranking Democrat in House. Earlier this month, the president released his Fiscal Year 2010 budget blueprint, which estimates that \$646 billion will be raised over ten years from a carbon cap-and-trade program.

For several years, Congress has debated a carbon cap-and-trade program that would place an emissions cap on the amount of greenhouse gas emissions that a company is allowed to emit. Essentially, the government would auction emissions permits to companies required to reduce their emissions and then it would be up to the company to reduce emissions below its cap. If a company emitted less than the cap imposed it could sell emissions credits to another company that may need to increase their emission allowance above its cap.

SENATE AGRICULTURE COMMITTEE CONFIRMS CFTC NOMINEE

On Monday, the Senate Agriculture Committee approved Gary Gensler to chair the Commodity Futures Trading Commission (CFTC). The nominee will now head to the full Senate for a vote which has been scheduled.

Although there were some concerns regarding Gensler's deregulatory past, especially his involvement in exempting swaps from regulation, Gensler gained the support from Senate Agriculture Committee Chairman Tom Harkin (D-IA) after a hearing earlier this month. Gensler assured Sen. Harkin that his views have evolved and he is ready to hit the ground running in bringing greater transparency and accountability to all commodity markets, especially energy.

During the confirmation hearing, Gensler said that excessive speculation in commodity markets can drive prices and hurt physical hedgers, and he addressed the price of oil, particularly the spike of last summer, and said that position limits could prevent a similar spike. Gensler advocated applying position limits across all markets on all futures contracts to prevent excessive speculation; reviewing all CFTC hedge exemptions that have been put in place over the years; requiring that over-the-counter (OTC) derivatives clear through a regulated clearinghouse, and finally he would work with international regulators to prevent excessive speculation and manipulation by "applying across the globe position limits." Gensler also said that he would support bringing "the whole over-the-counter derivatives market into a regulatory regime," and that he would only support a CFTC/SEC merger if it improves market transparency and prevents systemic risk.

Last month, PMAA met with Gensler and determined that he would be an effective regulator of the CFTC. PMAA looks forward to continuing an open dialogue with Mr. Gensler.

COMMITTEE HEARS TESTIMONY ON PLAN TO TAX DRIVERS BY THE MILE

Due to declining revenues in the Highway Trust Fund, several lawmakers have been examining the idea to tax drivers on the amount of miles driven, commonly referred to as a vehicle-miles-travelled tax or VMT. This week, the House Budget Committee heard testimony regarding a VMT plan from Secretary Debra Miller of the Kansas Department of Transportation; Dr. Robert Atkinson, Chairman, National Surface Transportation Infrastructure Financing Commission; and Tyler Duvall, Former Assistant Secretary for Transportation Policy, Department of Transportation.

National Surface Transportation Infrastructure Financing Commission Chairman Dr. Robert Atkinson described a plan that would retrofit every new car with an onboard device to track how many miles a vehicle travels. Witnesses argued that the current tax structure is inefficient to fund the Highway Trust Fund and that it fails to force drivers to confront the true cost of using roads. If a VMT is implemented, witnesses said that Americans would drive less which would ease congested areas and benefit the environment.

Privacy issues were a concern to several lawmakers because the onboard device would ultimately allow the government to know the driver's location. Also, a flat VMT would affect rural Americans who typically drive longer distances to work. The Obama Administration is opposed to the VMT idea, however, House Transportation and Infrastructure Chairman James Oberstar (D-MN) has said that the VMT proposal has to be a part of the overall solution to increase revenues for the Highway Trust Fund.

MARKETER LEADERSHIP INSTITUTE HITS THE MAX

Portland, Oregon proved to be a great venue for the 2009 Petroleum Marketers Leadership Institute (PMLI). Several weeks before the March 15-17, 2009 offering, the PMLI class maxed out at 30 candidates and those turned away were urged to register early for the 2010 Institute.

In recent years, with the generous financial support of Valero Energy Corporation and Federated Insurance, the word has spread that PMLI is a great educational value for emerging leaders for the petroleum marketing industry and PMAA's 47 member associations. "Building our future leaders is so important. I really cannot say thank you enough to Valero and Federated for making the Institute available to so many marketers," said PMAA Chairman Craig Eerkes.

PMLI is designed to teach leadership skills, and over 140 marketers have graduated since it was first offered in 2002. Using a specialized curriculum, participants interact in sessions concerning: leadership, management, group dynamics, conflict management, leading employees through change, and strategic and action planning.

PMLI will be held on the East Coast in 2010.

2009 WPMA POST-CONVENTION TOUR - HUBBARD GLACIER CRUISE

Many have been asking where our next WPMA Travel Adventure will be. We have found an absolutely incredible cruise aboard Celebrity Cruise Line's ultra-luxurious ship Infinity, sailing from Seattle, Washington through the spectacular Inside Passage to Alaska, June 12-19, 2009.

Reservations must be made within the next 30 days, or as long as space lasts. WPMA has only a certain number of staterooms available on a first come-first serve basis. Call Chris Lambert at Destinations, Inc. at (801) 446-5000 or toll free at 1-800-748-4777 for more information and to book your reservations.

2010 WESTERN PETROLEUM MARKETERS CONVENTION & CONVENIENCE STORE EXPO LAS VEGAS, NEVADA

Start planning now to attend the 2010 WPMA Convention and Convenience Store Expo. It will be held at the Mirage in Las Vegas, Nevada. Mark your calendars for February 16-18, 2010.

SAVE THE DATES FOR THESE UPCOMING EVENTS IN 2009

June 9-11, 2009 – MPMCSA Convention, Trade Show & Golf – Hilton Garden Inn, Missoula, MT
June 18, 2009 – UPMRA Golf Classic – Wasatch Mountain State Park, Midway, UT
June 23-25, 2009 – WOMA Convention and Golf Tournament – Suncadia Resort, Cle Elum, WA
July 29-30, 2009 – IPM&CSA Convention and Golf Tournament – Sun Valley Resort, Sun Valley, ID
August 30-31, 2009 – NMPMA Convention and Golf Tournament – Embassy Suites, Albuquerque, NM
September 20-22, 2009 – UPMRA Convention and Golf Tournament – Courtyard Marriott, St. George, UT

Petro Pete: "A camel is a horse designed by a committee."

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