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BACKUP GENERATOR RULE CHALLENGED

Some groups are not happy with the recent EPA rule that allows backup stationary engines generating electricity to run without emissions controls for up to 100 hours per year during peak-use periods and emergencies. EPA is facing several lawsuits filed in the U.S. Court of Appeals for the District of Columbia.

EPA has said the 100-hour operating period will allow diesel generators to meet the needs of independent system operators to lighten the load on the electricity grid during periods of peak demand. Previously, the engines were exempt from emission control requirements only if they operated for less than 15 hours. The final rule, which was published January 30, also requires the engines to use ultralow-sulfur diesel fuel beginning in 2015.

Environmental officials backing some of the litigation are concerned about engines likely to operate in the summer when electricity demand is high, which is also when ozone levels spike. The lawsuits have been filed by the State of Delaware, First Energy Solutions Corporation and the Conservation Law Foundation.

FREE ONLINE HEATING OIL DISCUSSION BOARD CREATED

Recently, PMAA and NEFI created a free and secure online industry discussion board which is available for members active in heating oil marketing to discuss federal, regional and state legislative and regulatory policies of concern to the industry. The online discussion forum will allow marketers to share ideas to help strengthen the industry's efforts to effectively respond to the myriad challenges facing heating oil.

Everyone will need to create a unique username and password by following [this link](http://pmaa.org/weeklyreview/attachments/NEFPMAAIDF_Instructions_Rev3.pdf) (http://pmaa.org/weeklyreview/attachments/NEFPMAAIDF_Instructions_Rev3.pdf). Once registered, you will be able to log on and create or participate in various topics ranging from state-level regulations to federal issues such as NORA reauthorization and oil futures market reform.

EPA PROPOSES COSTLY MANDATE TO LOWER GASOLINE SULFUR AND TAILPIPE EMISSIONS

The U.S. EPA is set to publish new **proposed** regulations to cut gasoline powered vehicle tailpipe emissions and significantly reduce the sulfur content of gasoline nationwide. The proposed rule will enable automakers to meet new stringent vehicle emissions standards which are also included in the proposed rule and expected to mirror the California LEV III program.

Specifically, the proposed rule would lower the sulfur content of gasoline from the current 30 ppm to just 10 ppm by 2017 for large refineries and by 2020 for small refineries. In addition, the proposed rule would impose an 80 percent reduction in tailpipe emissions of nitrogen oxides (NOX), volatile organic compounds (VOC), direct particulate matter (PM2.5), carbon monoxide (CO) and air toxics for light duty cars and trucks, medium duty passenger vehicles and heavy duty gasoline trucks by 2025. Industry analysts estimate the proposed rule would increase the price of gasoline by nine cents per gallon, while the EPA claims the estimated cost per gallon increase would be less than one cent. The proposed rule also contains several provisions designed to expand the voluntary use of mid-grade ethanol blends. In the preamble of the proposed rule, the EPA predicts that E-15 will be in widespread use nationwide by 2030. However, there is nothing in the current proposal that would implement an E-15 mandate.

PMAA intends to file detailed written comments opposing key elements of the proposed rule.

The following key provisions are included in the EPA proposal:

Gasoline Sulfur Standard – The EPA is proposing that refiners meet an **annual average** sulfur content of 10 ppm with higher per gallon caps at both the refinery gate and at all points downstream. The higher per gallon caps are necessary to account for potential downstream sulfur contamination and batch variation. As a result, the EPA is likely to adopt a 50 ppm sulfur cap at the refinery gate with a 65 ppm downstream sulfur cap. While batch variations are allowed within these limits, the **average annual** gasoline sulfur content must be 10 ppg by 2017. Small refineries must comply with the 10 ppm sulfur standard by 2020. The current gasoline sulfur standard is a 30 ppm annual average combined with an 80 ppm refinery cap and 95 ppm downstream cap. Sulfur content compliance testing will occur at the refinery level. There should be no major concerns for ultra low sulfur gasoline phase in for petroleum marketers given the proposed 65 ppm downstream cap and four year compliance period for large refiners.

Impact on Gasoline Sales - The EPA estimates the proposed rule will increase the cost of gasoline by less than one cent per gallon. The EPA says the proposed rule will decrease gasoline sales more in the long run compared to the short run but

that such decreases will be negligible. Refiners contend the low sulfur proposal will add between six and nine cents per gallon to the cost of gasoline, thus, reducing volume sales significantly more than the EPA estimates.

Vehicle Compatibility Issues – The 10 ppm gasoline sulfur limit is compatible with all engine and emissions systems. Auto manufacturers generally support the reduction in sulfur content because it will help them to more easily comply with the combined 54.5 MPG fuel economy and greenhouse gas emission standards required by 2025 under both both federal and California law.

New Standards for E-85 Blends - The EPA is also proposing that E-85 (blends between 51 percent and 83 percent ethanol) meet the same sulfur content, RVP and benzene standards required for gasoline. The EPA contends this is necessary so that flex fueled vehicles using E-85 meet the same tailpipe emission limits as 10 ppm gasoline. This would also allow the use of butane and natural gas blend stocks to make E-85, thus, creating more blending flexibility for E-85, according to the EPA. Requiring E-85 to meet the same standards as gasoline would mean that blenders, including those using blend pumps, would be required to comply with all the sampling, testing and reporting obligations of refiners. To avoid this added compliance burden, the EPA is considering exempting certain blend stocks from these obligations.

Expanding Use E-16 to E-50 Blends – The EPA is also proposing to include within the definition of “gasoline” any ethanol blend up to and including E-50 provided such blends meet the same sulfur, RVP and benzene standards as gasoline. Currently, blends with an ethanol content from E-16 and up to E-50 are considered “alternative fuels” and may only be used in flex fuel vehicles. The proposal would allow (not mandate) the use of blends up to E-50 in non-flex fuel vehicles. However, ethanol blends over E-15 have a higher RVP level than otherwise allowed by federal regulations for gasoline. Furthermore, the one pound federal ethanol RVP waiver is limited to blends between E-9 and E-10. Therefore, the use of such mid level ethanol blends would require a special ultra low evaporative emission gasoline blend stock which is not currently offered. Conventional vehicle emission system and engine compatibility concerns would also limit the use of midlevel blends in non flex fuel vehicles if allowed under the final rule. The EPA is also seeking comment to allow non compliant RVP mid level ethanol blends for use in research and limited demonstration projects.

E-30 Fuel - The agency is also proposing to allow vehicle manufacturers to request approval of an alternative certification fuel, specifically mentioning a possible E-30 blend. The EPA said that this could help manufacturers comply with stringent new federal MPG and greenhouse gas emission standards for 2017 and later light duty vehicles by raising engine compression ratios to improve vehicle efficiency. This, in turn, could help provide a market incentive to increase ethanol use beyond E-10 by overcoming the disincentive of lower fuel economy associated with increasing ethanol concentrations in fuel, the EPA said.

Elimination of ULSD Pump Decal – The EPA is proposing to remove the dispenser label requirement for diesel fuel pumps dispensing 15 ppm highway ULSD beginning December 1, 2014. The EPA is proposing the change because the sulfur content of all highway diesel fuel is now 15 ppm nationwide and there is no longer a need to distinguish it from 500 ppm highway diesel fuel which has been phased out. Use of the 15 ppm labels would be voluntary under the EPA proposal for marketers wishing to avoid consumer confusion.

Credit Trading Program – The EPA is proposing an averaging, banking, and trading (ABT) program that would allow refiners to spread out their compliance costs through an early credit program and rely on ongoing nationwide averaging to meet the 10 ppm sulfur standard. The program allows refiners and importers to generate standard credits for over compliance with the 10 ppm sulfur standard beginning in 2017. These credits could be generated indefinitely and banked or transferred to others for compliance with the average sulfur standard. The proposed program also permits refiners to generate early credits for over compliance with the current 30 ppm annual average sulfur standard from 2014 to 2016. Early credits may be used towards compliance with the 10 ppm standard beginning in 2017, banked for use through 2019, and/or transferred to other refiners or importers subject to the sulfur standard. The EPA will not offer trading credits to blenders who create registered fuel blends with gasoline and ethanol blend stocks below the terminal rack.

Small Refinery Flexibility - The EPA is also proposing a three-year compliance date extension for “small volume refineries” processing less than or equal to 75,000 barrels of crude oil per day. As a result of the early credit program and flexibilities offered to small volume refineries, the EPA expects considerable reductions in gasoline sulfur levels prior to 2017 with final refinery control to the 10 ppm average occurring by January 1, 2020.

More Information - The 938 page proposed rule has not yet been published in the Federal Register. A pre-publication version is available at: <http://www.epa.gov/otaq/documents/tier3/tier3-nprm-20130329.pdf>.

SPiRiT® PETROLEUM LAUNCHES NEW AND IMPROVED WEBSITE

The creative team at Spirit® Petroleum is proud to announce the April 1 launch of Spirit®'s newly redesigned and reorganized website. The site is organized into individual sections for Licensees, Dealers and Consumers so that users can explore the site at will, and custom-tailor their visit and features expanded information, complete brand resources and a fresh new look and feel, all at the site's existing web address: www.spiritpetroleum.com.

“We’re delighted to bring this newly revamped resource to existing and potential brand licensees,” says Spirit® president Vera Haskins. “The Spirit® brand has experienced enormous growth and change in the years since we first established

presence on the Internet, and it was clearly time to have all positives represented on our website. We couldn't be prouder of our new space, and trust that it will succeed in bringing the story of Spirit®, our mission and the benefits of licensing the brand to as wide an audience as possible.”

WPMA ANNOUNCES NEW PETROLEUM MARKETERS SUPPLY GUIDE

The Western Petroleum Marketers Association (WPMA) is pleased to announce that we have recently partnered with MultiView, Inc., an Irving, TX, publisher of Digital Buyer's Guides and E-News Briefs, to launch the *Petroleum Marketers Supply Guide*.

About the Petroleum Marketers Supply Guide

Our online vendor search is designed specifically for petroleum marketers, refiners, and c-store operators. Easily accessible from a link on the WPMA Web site home page (www.wpma.com) the marketplace enables users to conveniently perform targeted searches for industry-related products and services using either a user-defined keyword search, or an alphabetized category and sub-category directory search.

Unlike traditional search engine results that can generate numerous irrelevant results - and slow down your procurement process - the *Petroleum Marketers Supply Guide* is filled with industry-specific suppliers and service providers.

We feel confident you will find the *Petroleum Marketers Supply Guide* a valuable tool for researching, selecting and purchasing the resources you're looking for. Please click [here \(http://petroleummarketerssupplyguide.com/\)](http://petroleummarketerssupplyguide.com/) to visit the guide to see how it can work for you.

If you are a supplier or service provider, a listing in the *Petroleum Marketers Supply Guide* will ensure that your company's brand and message are easily accessible to the buyers who matter most to you. If you are interested in learning more about how to feature your company in the marketplace, please contact MultiView at 800-816-6710 or by email at wpma@multiview.com.

RESERVE YOUR ROOMS NOW FOR PMAA'S WASHINGTON CONFERENCE AND DAY ON THE HILL

PMAA's annual Washington Conference and Day on the Hill will be held in our Nation's Capitol of Washington, DC from May 15-17. The meeting will begin with an Opening Session / Issues Briefing in the early afternoon of May 15. Our welcome reception including our popular PAC silent auction fundraiser concludes the day! On the morning of May 16, marketers will head to Capitol Hill for visits with their Congressional delegations after a buffet breakfast and an issues briefing if you did not arrive in time to attend the opening session. The PMAA Board of Directors will meet on May 17.

If you plan on attending PMAA's Annual Washington Conference and Day on the Hill, now is the time to make your room reservation through A Room With a View at 1.800.780.4343. In the event that rooms become available at The Washington Court Hotel or The Liaison Capitol Hill due to cancellations, A Room With a View will notify conference attendees and help transfer reservations back those hotels in the order in which they were booked. For those planning to attend this informative conference, please be sure to complete the appropriate Registration Form at your earliest convenience. Information and instructions for these forms along with the Conference Schedule and the latest Hotel Information can be found [here](http://www.pmaa.org/pmaameetings/upcomingmeetings.asp) (<http://www.pmaa.org/pmaameetings/upcomingmeetings.asp>).

Please make your plans now to attend this important and productive opportunity to meet with your members of Congress to make your voices heard on topics important to the petroleum marketing industry!

2014 WESTERN PETROLEUM MARKETERS CONVENTION & CONVENIENCE STORE EXPO LAS VEGAS, NEVADA



Start planning now to attend the 2014 WPMA Convention and Convenience Store Expo. It will be held at the Mirage in Las Vegas, Nevada. Mark your calendars for February 18-20, 2014.

Access the WPMA National Convention page by scanning the QR code on the left with your smart device.

MARK YOUR CALENDARS FOR UPCOMING EVENTS IN 2013

May 9-10, 2013 – NPM&CSA Big Dogs' Shootout – Red Rock Hotel & Casino – Las Vegas, Nevada

June 4-6, 2013 - Montana (MPMCSA) Convention - Holiday Inn Grand - Billings, Montana

June 17-20, 2013 - Washington (WOMA) Convention - Suncadia Lodge - Cle Elum, Washington

June 20, 2013 – UPMRA Summer Golf Classic – South Mountain Golf Course – Draper, Utah

July 31-August 2, 2013 - Idaho (IPM&CSA) Convention - Sun Valley Resort - Sun Valley, Idaho

August 27-29, 2013 – New Mexico (NMPMA) Convention – Embassy Suites Hotel , Albuquerque, NM

September 12-13, 2013 - Utah (UPMRA) Convention - Zermatt Resort - Midway, UT

Petro Pete: **“Get your facts first, then you can distort them as you please. - Mark Twain.”**

If you do not wish to receive information via fax or e-mail, please contact WPMA at: (801) 263-9762, Fax: (801) 262-9413, or e-mail: janr@wpma.com. Thanks.



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Applicants should send their resume to alpark@frontiernet.net.