WPMA
News and Information for the Petroleum Marketers Industry
weekly update

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## SENATE COMMITTEE HOLDS HEARING ON EV BATTERY PRODUCTION AND DISPOSAL

On Wednesday, the Senate Committee on Environment and Public Works (EPW) held a hearing titled "Electric Battery Production and Waste: Opportunities and Challenges." The purpose of the hearing was to evaluate the environmental challenges and opportunities associated with increased battery demand as well as disposal.

Witnesses from the hearing included: James Greenberger (Executive Director, NAATBatt International); Michael Sanders (Senior Advisor, Avicenne Energy US) and Ajay Chawan (Associate Director, Navigant Consulting).

In his opening statement, Committee Chairman John Barrasso (R-WY) stated that because it is expected that there will be a rise in demand in the global market for electric vehicles (EVs) in the coming years, "'this increase in demand, left unaddressed, will exacerbate current challenges associated with battery production and waste." Chairman Barrasso said that the lithium-ion batteries needed to produce EVs are made up of lithium, cobalt, and rare earth minerals. He argued that the problem with this is that "the U.S. and the rest of the world have allowed China to dominate control over the production of these minerals. China exerts substantial control over mining operations in countries with vast reserves, including the Democratic Republic of the Congo and Chile."

In his testimony, James Greenberger, who works to promote advanced battery Technology in North America, admits that "if the United States decides to get serious about advanced battery manufacturing and lithium battery technology, one of the principal barriers we will face is limited access to the materials needed to make lithium-ion batteries." This is due to the scarcity of materials used to make lithium-ion batteries. As Greenberger explained, "While North America enjoys modest natural reserves of lithium and nickel, almost none of the processing of energy materials into the cathode and anode compounds used in lithium-ion batteries take place in the United States."

Ultimately, there are doubts surrounding the minerals used in making the batteries for EVs. Industry analysts have highlighted concerns with the challenges the U.S. faces in creating its own EV supply chain due to the uncertainty of the extent of the country's metal reserves and the existence of only a few facilities to process minerals and produce batteries. It is also hard to know how much cobalt and other important minerals used to make EVs are in the U.S., as there has not been a national survey to accurately make those measurements. Furthermore, in May, Tesla announced that it is expecting a global shortage of key minerals used in the production of EV batteries.

## HIGHLIGHTS FROM NCWM'S ANNUAL MEETING

This week, the National Conference of Weights and Measures (NCWM) held its annual meeting. Several proposals were on the table that are likely to impact petroleum marketers.

- **The Skimmer Task Group** presented a proposal to the NCWM Specifications and Tolerances Committee (S&T) that would require "Any retail motor fuel device capable of conducting customer initiated electronic financial transactions must be secured to substantially restrict the ability of unauthorized persons to manipulate it to obtain payment information that could be used to commit fraud." The proposal provides four options for 1) physical lock, locking device, or a physical securing device that will restrict access, 2) Electronic alarming or disabling of the equipment, 3) Advanced payment acceptance technologies that increase protections against the theft of payment information, 4) or other alternative approved by local or state weights and measures authorities. There was substantial discussion of this proposal during open hearings. Some commenters questioned whether weights and measures is the correct authority to deal with this issue. In general, however, this seemed to have the support of many states. This is an informational item and S&T agreed to keep this item as an informational item, so it was not approved.
- **The conference approved revisions to Handbook 44 Section 3.30 Liquid Measuring Devices to include diesel exhaust fluid (DEF) dispensers as Retail Devices.** This was accomplished by revising the term Retail Motor Fuel Devices to Retail Devices and subjects DEF dispensers to the same provisions as motor fuel dispenser.
- **The conference approved revisions to exempt sites** where no product grades are repeated (one dispenser for each product) from displaying the dispenser designation on a printed ticket. The purpose of adding a dispenser

number to a printed ticket is so that if there is a problem, the problem can be traced back to the dispenser. If there is only one dispenser that sells a particular product (e.g., regular gasoline) at a site, then a dispenser number is not needed to identify the dispenser that sold the product.

- **The conference approved revisions to the Laws and Regulations Handbook 130 Section 2.2.1 Premium Diesel Fuel to revise the definition of premium diesel fuel and the names that can be used to designate a premium diesel fuel.** The revised definition is the result of an industry effort to provide consistency in the marketplace on what minimum specification needs to be met to call a diesel fuel premium, super, supreme, or premier. The revision sets minimum standards for cetane, low temperature operability, lubricity, corrosion, filter blocking tendency, and injector deposit control. In addition, the revision also provides criteria for identifying a diesel fuel (e.g., plus diesel) that offers additional benefits over diesel fuel but does not meet the criteria for premium. PMAA supported this item.
- **Finally, the conference approved revisions to Handbook 130 Section G. 2.1.2 Gasoline-Ethanol Blends to allow the sale of E15 during the summer months.** This section currently requires ethanol blends to meet ASTM D4814, Standard Specification for Automotive Spark-Ignition Engine Fuel with the exception of blends containing 9 to 10 volume percent ethanol as allowed by EPA regulations during the summer months. The purpose of this proposal is to modify this section to include ethanol blends up to 15 percent based on the recent EPA final rule. This item was proposed as a priority item which moved the item directly to voting. This proposal was hotly debated. Industry, including PMAA, opposed moving this forward to vote as a priority item. It was felt that the proposal was not properly researched and vetted and that this revision would result in conflicts between EPA requirements and Handbook 130. Industry proposed further consideration. The ethanol industry and several states argued that without this change, states that adopt Handbook 130 would not be able to allow the sale of E15 during the summer months. Ultimately, the item was approved by the NCWM.

## HOUSE PASSES BILL RAISING MINIMUM WAGE TO $15/HOUR

Yesterday, the House passed a bill, known as the “Raise the Wage Act,” that would raise the federal minimum wage for the first time in a decade to $15 per hour. The bill passed mostly along party lines by a vote of 231-199, with only three Republicans supporting the bill and six Democrats opposing the bill.

The legislation would more than double the minimum wage from the current $7.25 per hour to $15 per hour. The bill would also eliminate existing lower minimums for tipped workers, workers with disabilities and workers under the age of 20. The new minimum wage would be phased in over a six-year period and allows for minimum wage increases to be stopped if a study reveals that it would lead to negative impacts such as job losses. House Minority Whip Steve Scalise (R-LA) said that raising the minimum wage would “eviscerate millions of American jobs,” citing a July report from the Congressional Budget Office (CBO) saying that up to 3.7 million Americans could lose their jobs if the bill were to go into effect.

However, the bill has very little chance of becoming law because Senate Majority Leader Mitch McConnell (R-KY) has stated that he will not bring the legislation to the Senate floor for a vote. Yesterday, he said that the bill would “depress the economy at a time of economic boom,” adding, “we’re not going to be doing that in the Senate.” President Trump has also threatened to veto the legislation if it came to his desk. The White House has said the bill would “eliminate jobs and reduce total wages for American workers.”

PMAA along with many Republicans and business advocates have concerns that a high wage hike could cause hardships for some employers and that market or state and local governments should set wages, not the federal government. Twenty-nine states and Washington, D.C. have minimum wages higher than the federal $7.25, while seven states have approved $15 per hour minimum wages.

## WATERS OF THE U.S. RULE UNDER FINAL REVIEW AT THE WHITE HOUSE

The EPA sent its draft rule repealing the Obama administration's waters of the U.S. (WOTUS) rule to the White House for final review. The rule is the first step in the two-step repeal-and replace process undertaken by the Trump administration. The rule is important to marketers because it will remove barriers imposed by the Clean Water Act to development of areas categorized as “wetlands” that are dry except for occasional severe storm runoff.

In May, the U.S. District Court for the Southern District of Texas invalidated the Obama era rule because the final regulation was too different from the proposed rule, depriving the public of a meaningful opportunity to comment as required by law. However, the decision left the Obama WOTUS rule in place in 24 states due to ongoing legal battles filed by industry and agricultural groups. The Trump administration's proposal for replacing WOTUS would greatly shrink the

number of creeks, bogs and marshes that fall under federal authority by limiting the definition of “adjacent waterways” that trigger areas for federal protection as wetlands.

In the meantime, the Trump administration rule is expected to publish its WOTUS final regulation in December.

## EPA TO HOLD RFS HEARING ON JULY 31ST

The EPA recently announced that it will hold a hearing on July 31st at 9:00 am in Ypsilanti, Michigan regarding its proposed rule to set 2020 renewable volume obligations (RVOs) and the 2021 RVO for biomass-based diesel under the Renewable Fuel Standard (RFS).

On July 5, the EPA released its proposed RFS obligated blending volumes for 2020. The proposal increases the volume of renewable fuels to 20.04 billion gallons in 2020, up from 19.92 billion gallons in 2019. The corn ethanol mandate was not reduced but will remain at the 15 billion-gallon statutory maximum set by Congress under the RFS. On the biodiesel front, the rulemaking also proposes to set the 2021 renewable fuel volume for biomass-based diesel at 2.43 billion gallons, level with the 2020 blending requirement.

Overall, the proposed 2020 renewable fuel volumes are a mixed bag for petroleum marketers. The good news is that the rule did not propose to force large refiners to make up for the lost gallons of obligated blending volume lost in 2019 due to blending waivers issued by the EPA to small refineries based on financial hardship. Carrying those gallons over to large refiner obligated blending volumes for 2020 likely could have caused the value of corn RIN blending credits to increase.

Under the RFS, refiners must blend certain volumes of biofuels into their fuel each year or purchase credits from those that do. Small refineries with a capacity of less than 75,000 barrels per day can receive waivers if they prove that compliance with RFS would cause them significant economic harm. The EPA has granted over 40 SREs for 2016 and 2017 compliance years and has indicated that it has received 40 petitions for SREs for 2018. Midwestern Senators have criticized the Trump Administration for granting the refinery waivers and not reallocating them to other obligated parties to make up for the lost gallons. Additionally, biofuel groups have argued that the numerous refinery waivers from 2016-2017 have indirectly reduced the ethanol mandate which have driven down RIN values and, therefore, weakened the market for E15.

## COALITION ADVISES LEGISLATORS ON DATA PRIVACY LEGISLATION

Recently, the Main Street Associations Coalition, in which PMAA is a member, submitted a letter to the draft privacy framework that Californian Democratic Reps. Eshoo and Lofgren circulated for comment. The letter outlines our required key principles for federal data privacy policy and highlights specific concerns with the draft bill.

Coalition members argue that federal data privacy policy should apply to all industry sectors and not contain loopholes that leave consumers unprotected when their personal data is handled by a business. Companies involved in handling that chain of data should have legal obligations to properly guard it under privacy law and the law should not solely rely on private contracts to create those legal obligations. Protection of consumer data privacy is a priority policy issue and our associations collectively support federal privacy legislation that would establish a uniform, nationwide and consumer-centric data privacy law that does not pick regulatory winners and losers among differing business sectors.

## FEDERATED INSURANCE: RISK MANAGEMENT CORNER

***Mobile Device Distraction Is Not Just a Road Problem***

Whether on an active construction site, on a fast-paced manufacturing floor, or in any situation where several activities are taking place simultaneously, attention from everyone is key to helping keep a work environment safe.
Distractions on the job can have catastrophic consequences. And while distractions are all around, there is one type that can be easily eliminated: mobile devices.
This is a must read for every person! To read the short article in its entirety, please click here (https://www.federatedinsurance.com/posts/risk-management-corner/mobile-device-distraction). For additional information or to discuss further, please contact your Federated regional representative or Jerry Leemkuil at 800.533.0472.

Federated Insurance is offering complimentary risk management training for petroleum marketers on September 10-12, 2019. Through this valuable session, you will discover methods you can use immediately to help protect profits by reducing risk at your business.

Companies that are the most successful at controlling losses and protecting profits have integrated risk management into their overall company culture. Many have designated a key person as their risk manager. This person is supported by top management and is both responsible and accountable for identifying loss exposures and implementing risk management solutions.

This seminar's objective is to help your risk manager learn the exposures specific to the petroleum industry, connect with peers from across the country and apply these best practices within your business.

"Attending this training is one of the best investments you can make to help protect your business and its bottom line!" 2019 RMA Attendee

You can learn more by viewing a brief video about the Risk Management Academy here (https://www.federatedinsurance.com/services/risk-mgmt-academy). To reserve your spot in the upcoming session or for more information, please contact Royetta Spurgeon or (800)533-0472 Ext. 455-5604.

## PLAN TO ATTEND THE 2020 WPMAEXPO

Mark your calendars for February 18-20, 2020. Make plans now to attend the 2020 WPMAEXPO.
It will be held once again at the Mirage in Las Vegas, Nevada.

### MARK YOUR CALENDARS FOR UPCOMING EVENTS

**August 5-7, 2019** – Idaho (IPM&CSA) Convention – Sun Valley Resort, Sun Valley, ID
**August 19-21, 2019** – New Mexico (NMPMA) Convention – Sandia Resort & Casino, Albuquerque, NM
**September 11-13, 2019** – Utah (UPMRA) – Convention – Zermatt Resort, Midway, UT
**September 13, 2019** – Idaho (IPM&CSA) Teton Golf Tournament – Teton Springs Resort, Victor, ID
**October 14, 2019** - Hawaii (HPMA) - Golf Tournament - Oahu Country Club, Honolulu, HI
**February 18-20, 2020** – WPMA Convention & Expo – Mirage Hotel– Las Vegas, NV

### WPMA MEMBER SERVICES

**Be sure to subscribe to all of our social channels for great tips, industry trends, and insider information about association activities and upcoming events!**

**Petro Pete: "*I always arrive late at the office, but I make up for it by leaving early.*"**