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**CONGRESS CONCERNED WITH EPA'S PROPOSED UST RULE COST**

This week Reps. Gregg Harper (R-MS) and John Barrow (D-GA), along with Senate Small Business Committee Chairwoman Mary Landrieu (D-LA) and Ranking Member Jim Risch (R-ID), sent separate bipartisan letters to the EPA expressing concern over a proposed underground storage tanks (UST) rule that would impose \$6,960 in new annual compliance costs on marketers. Overall, the House letter garnered 58 signatures and the Senate Small Business Committee letter garnered 11 of the 18 signatures from the Committee including three Democrats. Lawmakers are concerned that the proposed rule could cost the motor fuels retail industry over \$1.5 billion annually.

The Harper-Barrow letter urges newly confirmed EPA Administrator Gina McCarthy to withdraw the proposed rule and form a Small Business Advocacy Review (SBAR) panel. The Landrieu-Risch letter is very similar to the House letter and also requests EPA to provide information regarding the extent to which small businesses were asked for information pertaining to the proposed rules new and existing UST requirements. PMAA is concerned the EPA failed to follow federal law and conduct a thorough analysis of the significant compliance costs the rule would impose on small business petroleum marketers. PMAA's own economic impact analysis shows that the EPA's estimated \$900 in annual compliance costs is substantially off the mark. Last month, Rep. Colleen Hanabusa (D-HI) sent her own letter to EPA pertaining to the state of Hawaii. The House Small Business Committee also plans to send their own letter in the coming weeks over EPA's UST cost concerns.

In October 2011, EPA's Office of Underground Storage Tanks (OUST) announced proposed revisions to the 1988 federal UST regulations. If finalized, the proposed rule would mandate: secondary containment for new and replaced tanks and piping, 30-day UST system walkthrough inspections, under dispenser containment, integrity testing and monitoring for interstitial spaces, regularly scheduled testing and inspection of spill and overfill prevention equipment, procedures for determining compatibility of UST systems with alternative fuels, and documentation requirements for ownership transfer of UST systems.

PMAA's UST Task Force has worked diligently on this issue since the rule was first proposed, meeting with the EPA, winning a comment deadline extension, drafting comments, collecting cost data and coordinating a Small Business Administration review of the EPA's rulemaking process. The ultimate goal of PMAA's regulatory and Congressional efforts is to force the EPA to convene a SBAR panel so that the proposed rule can be re-written in a way that significantly reduces any new compliance costs on retail marketers.

PMAA would like to thank Reps. Harper and Barrow for championing the House letter as well as Senators Landrieu and Risch for their leadership in the Senate. PMAA is hopeful EPA will eventually finalize a rule lowering new costs for all marketers, large and small.

**BANKS IN COMMODITY MARKETS****Guilford Testifies Again before House Agriculture Committee**

Few consumers understand how their bank accounts contribute to higher gasoline and heating oil prices. Some Banks have been using depositors money to invest in crude oil futures which often contributes to higher crude oil prices. Furthermore, witnesses before Thursday's Banking Subcommittee hearing "Examining Financial Holding Companies: Should Banks Control Power Plants, Warehouses, and Oil Refineries?", reported that regulators are not equipped to oversee the banks, that few people have the level of expertise in both finance and the marketing of oil.

Last week the Federal Reserve (Fed) announced it is reviewing a decade-old decision to break down barriers between finance and commerce by letting banks (JP Morgan, Goldman Sachs Group Inc, Morgan Stanley) deal in physical assets like metal and oil. "What do we want our banks to do? Make small-business loans or refine and transport oil? Issue mortgages or corner the metals market?" Chairman Sherrod Brown (D-OH) asked the committee members. The Banking Committee will hold additional hearings on the topic, and Senator Carl Levin (D-MI), Chairman of the Permanent Subcommittee on Investigations, said lawmakers may use his panel's subpoena power to examine banks' trading and ownership of physical commodities as well.

CMOC's Gene Guilford also spoke to this issue during the Agriculture Hearing on Wednesday, "Had it not been for the unfortunate 2003 decision of the Federal Reserve that allowed regulated banks to trade in physical commodity markets, much of the artificial inflation of commodity prices we have seen since would not have occurred... we encourage the Congress to make it known to the Fed that reversing that decision should be a priority at the earliest possible opportunity

Additionally this week the Senate Appropriations Subcommittee for Financial Services approved their FY 2014 Financial

Services Appropriations bill. The bill provides \$315 million for the CFTC, which is the full amount requested by the administration. This funding is \$110 million above the FY13-enacted level of \$205 million. The pending House Agriculture Appropriations bill (H.R.2410) would provide \$194.6 million.

### **RFS BATTLE HEATING UP**

On Tuesday, the House Energy and Commerce Subcommittee on Energy and Power held a hearing to examine whether the RFS should be repealed, reformed or maintained at current blend levels. Testifying before the Committee: Jack Gerard, API; Charles Drevna, American Fuel & Petrochemical Manufacturers (AFPM); Bob Dinneen, Renewable Fuels Association; Michael McAdams, Advanced Biofuels Association; and Dr. Jeremy I. Martin, Union of Concerned Scientists; Tom Buis, Growth Energy; Shane Karr, The Alliance of Automobile Manufacturers, Todd Teske, Briggs & Stratton Corporation; Robert Darbelnet, AAA; Joe Petrowski, The Cumberland Gulf Group on behalf of SIGMA and NACS and Joe Jobe, National Biodiesel Board.

In his opening statement, House Energy and Commerce Committee Chairman Fred Upton (R-MI) stated, "I hope we can start a discussion that considers a host of potential modifications and updates to the RFS, with the end goal being a system that works best for the American people." Other lawmakers concurred while others urged for total repeal. Subcommittee members John Shimkus (R-IL), Joe Barton (R-TX) and Bill Cassidy (R-LA) indicated that the Committee does not have the votes to repeal the RFS mandate, but does have the votes to adjust it so that it can work for all stakeholders. Stakeholders and lawmakers alike are afraid that refiners may be forced to cut back production, export production and/or buy expensive RINs down the road which will create chaos in the marketplace.

API's Jack Gerard told the Subcommittee that API plans to urge the new EPA Administrator, Gina McCarthy, to adjust the corn-based ethanol mandate to a level less than an E10 blend for 2013 and 2014 while urging Congress to repeal the RFS mandate as soon as possible. RFA's Bob Dinneen countered by arguing that the RFS is saving motorists at the pump, and therefore, should be maintained. "Renewable identification numbers (RINs) are free and they don't cost the oil companies a dime," Dinneen said. Dineen later said that there needs to be more transparency in the RIN market, so regulators know who is trading them to ensure fairness in the marketplace. Refiners argued that they needed a credit trading program to ensure compliance with their renewable volume obligations (RVOs) and that the cost of RINs are due to refiners hitting the maximum achievable amount that can work with legacy vehicles and motor fuels dispensing systems. AFPM's Drevna told the committee that, "It's abundantly clear that Congress must repeal the RFS because it leads to higher prices at the pump while undermining the environment. AFPM isn't anti-ethanol, but it needs to be offered in a safe manner and accepted by consumers."

Joe Petrowski of the Cumberland Gulf Group and on behalf of SIGMA and NACS said that the Jones Act is also a problem that needs to be addressed. "It's cheaper to ship product to South America from the Gulf Coast than it is to shipped to Boston," Petrowski said. The Jones Act requires that all goods including refined petroleum product transported by water between U.S. ports be carried in U.S. flagged ships, owned and crewed by U.S. citizens. He later said that Congress shouldn't scrap the RFS, but adjust it so it prevents problems with ethanol blends above 10 percent. Lastly, AAA's President and CEO said that "E15 should only be brought to the market when consumers have been clearly informed and protected – EPA's approval of E15 has failed to meet this obligation."

### **JOIN PMAA IN ATLANTA THIS OCTOBER**

PMAA will hold its Fall Meeting on October 11-12 at the Hyatt Regency Atlanta. Please view current information at <http://www.pmaa.org/pmaameetings/upcomingmeetings.asp>.

### **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**.

## MARK YOUR CALENDARS FOR UPCOMING EVENTS IN 2013

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

**August 27-29, 2013** – New Mexico (NMPMA) Convention – Albuquerque Marriott Pyramid North, Albuquerque, NM

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

**October 4, 2013** – HPGA Golf Tournament –Mauna Lani Resort, South Course– Kohala Coast, Big Island, HI

Petro Pete: *“Of all the possible utensils that could have been invented to eat rice with... how did 2 sticks win out?”*

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