

November 11, 2016

Visit us online at www.wpma.com

WP-11-11-16

EPA LEAVES POINT OF OBLIGATION AT REFINER LEVEL

Yesterday, the EPA announced that it plans to deny petitions from refiners to move the RFS point of obligation from refiners/importers to position holders at the rack. Responsibility for complying with the RFS currently falls to refiners who must buy Renewable Identification Numbers (RINs) to prove their fuel has been blended with biofuel. Companies, including Valero and CVR Energy, have said they are being pressed by the annual government mandates that require that they use increasing amounts of ethanol and biodiesel in motor fuels. The change the companies are requesting "would not address the challenges associated" with boosting availability of advanced fuels and getting more ethanol into the fuel system, according to the EPA in the statement.

Valero, which has said the program could cost the company \$850 million this year, petitioned EPA in June to shift this responsibility downstream to "position holders" at the terminal rack. Valero recently announced that it was planning to sue the EPA for not replying to their petition requesting this change. The EPA said it proposes denying the request for a full rulemaking but plans to open a 60 day public comment period on the issue. If the proposed rulemaking is published after November 20th, the Trump Administration will likely have to deal with it.

PMAA continues to support a simple, fair and commonsense bill that caps the corn ethanol mandate at 9.7 percent. This is the easiest way that Congress and/or the EPA can help all stakeholders impacted by the RFS. Capping the ethanol mandate at 9.7 percent will resolve UST compatibility concerns with E10 plus blends, reduce RIN prices which will result in lower RFS compliance costs for companies like Valero and preserve the ability for position holders at the rack to blend.

OZONE FINAL RULE UNDER THE MICROSCOPE

This week, it was announced that the D.C. Circuit Court of Appeals will hear oral arguments over EPA's 2015 ozone standard in February 2017. Industry and many states argue that the 70 ppb standard is too strict and unnecessary to protect public health while environmentalists say that the final rule should be as low as 60ppb. One of the most costly regulations in U.S. history was the 2015 ozone standard rule which carries an estimated price of \$1.4 billion.

President-elect Donald Trump has been a very vocal critic of the EPA and has indicated that he would like to scale back the latest ozone regulation. Trump believes the regulation harms U.S. businesses and getting rid of it would help kick-start the economy.

President-elect Trump will have the authority to scrap any regulations made by the EPA. However, there must first be a rulemaking involving a full notice-and-comment period which could take well over a year. His other option would be to stop the implementation and enforcement of a regulation, which would take less time.

PMAA is concerned with many EPA regulations such as the final ozone regulation put forth by the Obama administration and will work with the Trump Administration to scale them back.

REVIVAL FOR KEYSTONE XL

President-elect Donald Trump vowed to work with TransCanada on a reapplication for a border-crossing permit in order to revive the effort to build the Keystone XL pipeline that President Obama rejected in November 2015.

In its battle against the U.S. government, in July, TransCanada filed a request for arbitration under Chapter 11 of the North American Free Trade Agreement (NAFTA). TransCanada is seeking \$15 billion in damages because the Keystone XL pipeline rejection was not based on merit but because "President Obama wanted to prove his administration's environmental credentials to a vocal activist constituency that asserted that the pipeline would lead to increased production and consumption of crude oil and, therefore, significantly increase greenhouse gas emissions." TransCanada asserts that President Obama's rejection of the pipeline exceeded his constitutional authority.

PMAA was disappointed with President Obama's decision to veto the Keystone XL pipeline and we strongly support efforts to build Keystone XL. The pipeline has wide ranging support and several environmental impact studies have shown that the pipeline would have no effect on climate change.

FHWA ANNOUNCES NATIONAL ALTERNATIVE FUEL AND ELECTRIC CHARGING CORRIDORS

Last week, the U.S. Department of Transportation's Federal Highway Administration (FHWA) established 55 routes that will serve as the basis for a national network of alternative fuel [corridors](#) spanning 35 states, and is nearly 85,000 miles long. More miles will be added in the future to accommodate electric, hydrogen, propane and natural gas vehicles as additional fueling and charging stations are built. According to the FHWA, corridors designated as "sign-ready," meaning routes where alternative fuel stations are currently in operation, will be eligible to feature new signs alerting drivers where they can

find fuel for their alternative fuel vehicles. These signs are similar to those that alert drivers to the locations of gas stations, food, and lodging.

The designation of these corridors achieves a mandate in the Fixing America's Surface Transportation (FAST) Act, a five-year, \$305 billion surface transportation bill signed into law on December 4, 2015. In July, U.S. Secretary of Transportation Anthony Foxx asked states to nominate national plug-in electric vehicle charging and hydrogen, propane and natural gas fueling corridors along major highways. The specific fuels were designated by Congress in the FAST Act.

PMAA supports these alternative fuel corridors, so long as they are installed at private businesses at exits and not at rest areas. Installation of these alternative fuel corridors at rest areas would hurt local businesses.

BIODIESEL BLENDER'S TAX CREDIT LEGISLATION UPDATE

Late last year, Congress passed a tax extenders package that included the \$1 per-gallon biodiesel blender's tax credit. Maintaining the credit at the blender level was a huge victory for petroleum marketers because, like this year, there was a legislative push to move the biodiesel blender's credit to the production level. PMAA remains concerned with limited access to supply, blending logistics in the tax and dyed system and we are concerned that the credit would not be passed to consumers if moved to a production credit. PMAA actively lobbied Congress on this, particularly on behalf of heating oil dealers and their consumers who almost certainly would have experienced an increase in the price of heating oil.

Recently, Rep. Diane Black (R-TN) introduced a bill that would extend the biodiesel credit through December 31, 2018. H.R. 5994, the "Biodiesel and Renewable Diesel Incentive Extension Act 2016," would extend the credit that is set to expire at the end of this year and it would maintain the credit at the blender level. PMAA fully supports this legislation.

PMAA is fighting the continued push for a producers credit and continues to meet with Members of Congress to encourage support of a straight extension of the credit (like that in H.R. 5994) again, and to oppose all legislative efforts to move the tax credit to a producer level. This legislation could be included in tax extender language that could move in the next couple weeks.

ESTATE PLANNING MISTAKE: SAVING MONEY BY NOT GETTING ADVICE

Low cost (or free) forms are readily available online, but using them for your estate plan is a clear example of "you get what you pay for." Is a simple will sufficient, or should you utilize a trust? Is your estate large enough to require specialized planning to minimize estate taxes? Do-it-yourself estate planning seems straightforward enough, but is the potential for an estate planning disaster worth the risk? Legal documents vary by state and generic documents may not fit with your unique situation. Spending a small amount for advice from a competent attorney now will not only give you peace of mind that your estate plan is set up properly, but could save your family a large amount in legal fees and other costs later.

Federated offers a professional team approach to estate planning and business succession. Call us to learn how you can take advantage of our network of independent estate planning attorneys. Each of them is highly trained in the area of business succession, and is ready to help make the process easier and less stressful for you.

For additional information or to discuss this in further detail, please contact your [Federated](#) regional representative or PMAA's National Account Executive [Jerry Leemkuil](#) at 800.533.0472. Federated is a PMAA Corporate Platinum Partner.

Thank You *WPMA* EXPO 2017 TOP SPONSORS

-----*Presidential*-----



-----*Premier*-----



2017 WPMAEXPO - LAS VEGAS, NEVADA



Mark your calendars for February 21-23, 2017. Make plans now to attend the 2017 WPMAEXPO. It will be held once again at the Mirage in Las Vegas, Nevada.

MARK YOUR CALENDARS FOR UPCOMING EVENTS

December 8, 2016 – Washington (WOMA) Christmas Party – SAFECO Field – Seattle, Washington

February 21-23, 2017 – WPMA Convention & Expo – Mirage Hotel– Las Vegas, Nevada

March 1, 2017 – Utah (UPMRA) Day on Capitol Hill – Salt Lake City, Utah

May 18-19, 2017– Nevada (NPM&CSA) Big Dogs Shootout – TBD, Nevada

June 6-8, 2017 – Montana (MPMCSA) Convention – Northern Hotel – Billings, Montana

June 19-22, 2017 – Washington (WOMA) Convention – Suncadia Resort – Cle Elum, Washington

June 22, 2017 – Utah (UPMRA) Summer Classic PAC Golf Outing – TBD, Utah

August 2-4, 2017 – Idaho (IPM&CSA) Convention – Sun Valley Resort – Sun Valley, Idaho

August 21-23, 2017 – New Mexico (NMPMA) Convention – Sandia Resort – Albuquerque, New Mexico

September 13-15, 2017 – Utah (UPMRA) Convention – Zermatt Resort – Midway, Utah

June 18-21, 2018 – Washington (WOMA) Convention – Suncadia Resort – Cle Elum, Washington

August 8-10, 2018 – Idaho (IPM&CSA) Convention – Coeur d'Alene Resort – Coeur d'Alene, Idaho

NPP WPMA MEMBER SERVICE

WPMA has partnered with NPP to provide members discounts on many products and services. NPP negotiates the rates, and makes them available to WPMA members. Membership with NPP is free, and there is no obligation to purchase. Discounts through Verizon, Expedia, Fastenal, Cradlepoint, and more.

Register Now: <https://associations.mynpp.com/myNPP/memberSavings.xhtml?guid=RB3WUOFG>

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 think that it's wrong that only one company makes the game Monopoly."*

© 2016 Western Petroleum Marketers Association - All rights reserved. No part of this work may be reproduced or copied in any form or by any means - graphic, electronic, or mechanical, including photocopying, recording, or otherwise. The information herein is also intended for the sole purpose of members of the Western Petroleum Marketers Association (WPMA). Any other use is strictly prohibited without the express written consent of the WPMA. 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.