

GAO RELEASES HIGHLY CRITICAL REPORTS ON RFS

Senate Holds Hearing on GAO Reports

The Government Accountability Office (GAO) announced the results of two reports this week which analyzed the Renewable Fuel Standard (RFS). One report concluded that the 15 billion gallon corn ethanol mandate is undermining the RFS's ability to achieve the targeted level of GHG reductions sought by Congress. The second report indicated that advanced biofuels' high production costs are hindering the ability of the RFS to meet its production targets.

Following the GAO news release, the Senate Subcommittee on Regulatory Affairs and Federal Management summoned outgoing EPA Acting Assistant Administrator for Air and Radiation, Janet McCabe, who defended the RFS, but did acknowledge that the RFS has fallen short of its ultimate goal of reducing CO2 emissions. In his opening statement, Sen. Lankford stated "with the release of the GAO reports we have an independent government auditor's findings that confirm the stances many in Congress, including myself, have come to hold – that is the RFS is not sustainable and will not meet its intended goals. This program yields few benefits but it inflicts substantial costs on consumers."

EPA FINALIZES 2017 OBLIGATED BLENDING VOLUMES

The U.S. EPA finalized the volume requirements and associated percentage standards that apply under the RFS program in calendar year 2017 for cellulosic biofuel, biomass-based diesel, advanced biofuel, and total renewable fuel. The EPA also finalized the volume requirement for biomass-based diesel for 2018. The final standards meet or exceed the volume targets specified by Congress for total renewable fuel, biomass-based diesel, and advanced biofuel. Although the increase in obligated volume requirements represents a 10.7 percent across the board ethanol blend, PMAA believes that refiners will continue to use RIN credits to maintain E10 blended gasoline for the foreseeable future.

Renewable Fuel Volume Requirements for 2014-2018

	2014	2015	2016	2017	2018
Cellulosic biofuel (million gallons)	33	123	230	311	n/a
Biomass-based diesel (billion gallons)	1.63	1.73	1.9	2.0	2.1
Advanced biofuel (billion gallons)	2.67	2.88	3.61	4.28	n/a
Renewable fuel (billion gallons)	16.28	16.93	18.11	19.28	n/a

Total renewable fuel volumes grow by 1.2 billion gallons from 2016 to 2017, a 6 percent increase. Advanced renewable fuel, which requires 50 percent lifecycle carbon emissions reductions, grow by roughly 700 million gallons between 2016 and 2017. Non-advanced or "conventional" renewable fuel increases in 2017 meet the 15 billion gallon congressional target for corn ethanol fuel. The standard for biomass-based biodiesel, which must achieve at least 50 percent lifecycle greenhouse gas emission reductions compared to petroleum-based diesel, grows by 100 million gallons. The required volume of biomass-based diesel for 2017 is twice as high as the minimum Congressional target. Cellulosic biofuel, which must achieve at least 60 percent lifecycle greenhouse gas emissions reductions, grows by 35 percent over the 2016 standard. The advanced biofuel standard, which is comprised of biomass-based diesel, cellulosic biofuel, and other biofuel that achieves at least 50 percent lifecycle greenhouse gas emissions reductions, increases by 19 percent over last year's obligated volume. RINs prices on the open market rose significantly after the 2017 obligated volumes were announced as traders speculate on future demand required to prevent a move to E15 by obligated parties.

PMAA is disappointed but not surprised that the outgoing Obama Administration decided to raise the ethanol mandate. PMAA will now work with the incoming Trump Administration to cap the ethanol mandate at 9.7 percent of gasoline supply going forward. 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 refiners and preserve the ability for position holders at the rack to blend.

VISA, MASTERCARD DELAY EMV DISPENSER PUMP LIABILITY SHIFT DATE TO 2020

Yesterday, Visa and MasterCard announced that they are delaying the EMV liability shift date for retail dispensers from October 1, 2017 to October 1, 2020. Given the lack of EMV regulatory compliant hardware, both companies decided to delay the liability shift. EMV, which stands for Europay, MasterCard and Visa, is a global standard for credit and debit cards that are equipped with computer chips to authenticate chip-card transactions.

HEALTHCARE RELIEF IN SIGHT

The Small Business Healthcare Relief Act was recently added in a legislative bill known as the 21st Century Cures Act. Late Wednesday night, the House passed the 21st Century Cures Act with ease by a vote of 392-26. The bill now moves to the Senate where it is expected to be approved next week.

If passed, this legislation would allow businesses with fewer than 50 employees to once again reimburse employees for their premiums on a pre-tax basis for individual coverage without penalty. PMAA has been working the Small Business Legislative Council (SBLC) for months on this issue and we are pleased to see the progress it has made.

FDA “RE-CLARIFIES” MENU LABELING COMPLIANCE DATE

While FDA has delayed enforcement of the federal menu labeling standard until May 5, 2017, states like California may begin inspecting sites subject to the statewide standard as early as yesterday.

The compliance date of FDA’s menu labeling rule has been pushed back a number of times since the rule was finalized in December 2014. The rule was originally supposed to take effect on December 1, 2015, but prior to that date, FDA agreed to extend the compliance date one year to December 1, 2016, in response to concerns from the convenience store, restaurant and grocery industries and to accommodate the issuance of clarifying guidance. Congress then attached a condition to its 2016 Omnibus Appropriations Bill which prohibited FDA from using any funding to implement, administer, or enforce the menu labeling requirements until May 5, 2017 (or one year after FDA finalized its guidance document). FDA has confirmed that, although the agency will not begin enforcing the menu labeling law until May 5, 2017, the official compliance date remains December 1, 2016.

PMAA has been pushing for the “Common Sense Nutrition Disclosure Act” to be included in the continuing resolution to be passed before the end of year. The legislation would modify the menu-labeling language in Obamacare to permit retailers to identify a single primary menu while not having to include nutrition labeling in other areas of the store. Furthermore, the bill clarifies that advertisements and posters do not need to be labeled and provides flexibility in disclosing the caloric content for variable menu items that come in different flavors or varieties, and for combination meals. Lastly, the bill ensures that retailers acting in good faith are not penalized for inadvertent errors in complying with the rule and stipulates that individual store locations are not required to have an employee “certify” that the establishment has taken reasonable steps to comply with the requirements.

PMAA SENDS LETTER TO EPA REGARDING RFS POINT OF OBLIGATION

On Wednesday, PMAA joined seven other fuel-related associations in sending a letter to EPA Administrator Gina McCarthy opposing the efforts of petitioners to move the 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.

FEDERATED INSURANCE’S WEBINAR: EMPLOYMENT INSIGHTS – POLICY AND DOCUMENTATION ON DECEMBER 15 AT 2:00PM EDT

Among the hidden dangers in employment law are outdated policies and insufficient documentation of actions employers take relating to their employees. This webinar will focus on the positive impact of having both current policies and consistent documentation within your organization, provide concrete examples, and walk through easily accessed Federated resources to help you with these issues.

The topics we will cover are:

- Why and how to keep policies and handbooks updated
- Documentation of Harassment and Discrimination Complaints and Investigations
- Performance Issue Documentation
- Social Media Policies and Trends
- Workplace Bullying—and How it Relates to Existing Policies
- Politics in the Workplace—Refreshing Your Organization’s Policy

[Advance Registration](#) is required. A recorded version of the webinar will be available on federatedinsurance.com for 60 days approximately one week after the live session if you are interested, but unable to attend.

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.

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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 4-5, 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

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Petro Pete: *“The consensus after the election is that 100% of Americans think 50% of Americans have lost their minds.”*

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