WPMA
News and Information for the Petroleum Marketers Industry
weekly update

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FORMER IPM&CSA MEMBER RAY GRANNIS PASSES

Former IPM&CSA and WPMA member Raymond (Ray) W. Grannis, 89, of Post Falls, Idaho passed away on Tuesday January 21, 2020. Ray was born in North Dakota on December 29, 1930. He moved to Coeur d'Alene in 1945, where he met and married Eleanor Anderson. Ray and Eleanor had two children, son Mark and daughter Lynette. Ray started in the petroleum business in Coeur d'Alene in 1958, and owned Grannis Petroleum until 2019, when the family sold the business.

Ray was a member of the Presbyterian Church, the Kootenai Masonic Lodge, Elks Lodge, Shrine Club, and the Royal Order of Jesters. He was on the Board of Directors of the Shriners Hospital in Spokane, WA for several years and served as Chairman of the Board. He was also a member of the Western Petroleum Marketers Association and the Idaho Petroleum Marketers and Convenience Store Owners Association. Ray was a generous supporter of several local charities. He enjoyed hunting, fishing, snow skiing, snowmobiling, and was an avid fan of Gonzaga Basketball in recent years. He loved animals and traveling with Eleanor.

Services are set for Friday, February 7, 2020 at 1:00 PM at First Presbyterian Church, 521 Lakeside Ave., Coeur d'Alene. Viewing is Thursday, February 6, 2020 at Yates Funeral Home – Coeur d' Alene Chapel, 744 N. 4th St., Coeur d' Alene from 5:00–7:00 PM. A graveside service will be held Saturday, February 8, 2020 at 1:00 PM at Coeur d'Alene Memorial Gardens.

FMCSA DELAYS COMPLIANCE WITH THE ENTRY LEVEL DRIVER TRAINING REQUIREMENTS FOR TWO YEARS

The Federal Motor Carrier Safety Administration (FMCSA) is extending the compliance deadline for its problem plagued Entry Level Driver Training (ELDT) rule for two years the agency announced this week. The ELDT rule establishes new knowledge and behind the wheel testing for new applicants who wish to obtain a CDL license for the first time or upgrade their current CDL from Class A to Class B or obtain a hazardous material endorsement. Only trainers certified by the FMCSA may provide the new training.

The original compliance date for the ELDT rule was set for February 7, 2020 but is now pushed back to February 7, 2022. The delay is due to ongoing technical problems with the ELDT electronic database designed to contain driver-specific training information. The FMCSA Training Provider Registry (TPR) is a centralized database that receives and stores entry level driver training certification information. State licensing agencies are required to access the database to confirm completion of training before allowing driver/ applicants to take their skills test necessary to obtain a CDL. The ELDT rule requires states to update their own electronic databases in order to accommodate the receipt of driver-specific information from the TPR. However, most states have yet to complete interface capabilities.

The delay is important to petroleum marketers because the ELDT establishes new training requirements that make it more difficult for entry level drivers to obtain their CDL. The FMCSA is mandating the new requirements at a time when the industry is experiencing a long-term shortage of qualified drivers. The delay is welcome news because launching ELDT with ongoing technical problems would create confusion and only further delay the CDL licensing procedure.

Last July, FMCSA proposed to only delay the part of the rule requiring state motor vehicle registration agencies to implement their own electronic interfaces capable of communicating with the ELDT database by February 7, 2020. PMAA has been pursuing a delay of the ELDT rule until the technical problems can be fully worked out. The ELDT training was mandated by Congress in 2012 under the "Moving Ahead for Progress in the 21st Century Act."

HOUSE DEMOCRATS RELEASE INFRASTRUCTURE PLAN

Grassley Demands IRS to Explain EV Tax Credit Fraud

On Wednesday, the Chairs of the House Transportation and Infrastructure Committee, House Ways and Means Committee and House Energy and Commerce Committee unveiled a five-year, $760 billion infrastructure plan. It is intended to provide a framework to address the nation's infrastructure needs. Current surface transportation law is set to expire in September 2020.

Of the $760 billion, $319 billion would be dedicated to investments in what the plan calls "transformative highway investments," which includes infrastructure repairs as well as investments to build charging infrastructure for EVs and infrastructure for hydrogen vehicles. Furthermore, the plan seeks to "incentivize projects to reduce carbon pollution from the transportation sector." However, the plan does not have any funding solutions.

Fortunately for marketers, the plan does not include language that would commercialize interstate rest areas as a funding mechanism. PMAA has been working with NATSO and like-minded associations over the past couple of years that has urged Congress to protect the ban on privatizing and commercializing rest areas. Instead, the plan would authorize “a multi-year national pilot program to test revenue collection to ensure the future viability and equity of surface transportation user fees, including a vehicle-miles traveled fee (VMT).” A VMT is a user fee based on miles traveled that can possibly be tracked by phone apps, in-car diagnostic systems or by other means.

Although members of the House Transportation and Infrastructure Committee have their own ideas of how an infrastructure package should be paid for, it is ultimately the House Ways and Means Committee that must decide how to pay for it. In fact, the Ways and Means Committee held a hearing on Wednesday titled “Paving the Way for Funding and Financing Infrastructure Investments.” At the hearing, Chairman Richard Neal (D-MA) discussed potential ways to fund an infrastructure package, ultimately focusing specifically on tax-preferred bonds. Chairman Neal said “tax-preferred bonds allow us to leverage our federal investment dollars, which is essential at a time when the United States faces the largest infrastructure funding gap in the world— 2 trillion dollars by 2025.”

It is still possible that Congress will consider an infrastructure package this year, but the House and Senate must come to an agreement on funding a package. In December, Senate Finance Chairman Chuck Grassley (R-IA) said that a five-year surface transportation bill could be on the Senate floor in 2020 since his staff are finalizing a set of transportation pay-fors that could enable Senate Majority Leader Mitch McConnell (R-KY) to bring a highway bill to the Senate floor soon after the Trump impeachment trial ends. Senate Republican Conference Chairman John Barrasso (R-WY), who chairs the Environment and Public Works Committee, said his committee’s highway bill, (S. 2302) could come to the floor soon afterwards. In all, $287 billion would be authorized as the $113 billion in extra pay-fors would augment taxes that already support surface transportation programs.

In other transportation news, Chairman Grassley led a GOP letter to the Internal Revenue Service (IRS) seeking to get an explanation of the enforcement on EV tax credits that are provided to buyers of new, plug-in electric vehicles. The move comes in response to a Treasury Department report stating that a significant number of EV tax credits had been improperly given out to citizens between 2014-2018. The report from the inspector general found that over 16,000 individual tax returns wrongly received EV tax credits, totaling $81 million in improper benefits.

PMAA COMMENTS ON USDA’S NEW ETHANOL SALES INFRASTRUCTURE INCENTIVE PROGRAM

This week, PMAA sent comments to the U.S. Department of Agriculture regarding new ethanol sales infrastructure.

Click here (https://www.pmaa.org/weeklyreview/attachments/HBIIP_Release_1-16-20-%20FINAL.pdf) to read the USDA’s news release that explains the Higher Blends Infrastructure Incentive Program and click here (https://www.pmaa.org/weeklyreview/attachments/PMAA_USDA_Comments_Jan_2020.pdf)to read PMAA’s comments.

HOUSE ENERGY AND COMMERCE DEMOCRATS INTRODUCE CLIMATE CHANGE BILL

This week, House democrats unveiled legislation to address climate change which seeks to achieve net-zero emissions by 2050. The bill, referred to as the “Climate Leadership and Environmental Action for our Nation’s (CLEAN) Future Act,” addresses climates issues in the areas of power, buildings and efficiency, transportation, and industrial sectors.

Among the most significant plans, the proposal calls for:

- A nationwide Clean Electricity Standard (CES) requiring all retail electricity suppliers to obtain 100 percent of their electricity from clean energy sources by 2050;
- A mandate for zero-energy-ready buildings by 2030;
- Directives to states and federal agencies to develop and implement individual plans to meet the 2050 net-zero emissions target;
- New, stringent vehicle greenhouse gas (GHG) emissions standards alongside incentives to shift to low- and zero-carbon transportation fuels;
- A "Buy Clean" Program setting performance standards to reduce emissions in construction and manufacturing supported by federal funding alongside incentives for use of low-carbon materials; and
- A National Climate Bank to finance the energy transition through loans, grants and other mechanisms, particularly for frontline, rural, low-income and communities experiencing environmental injustice.
- A reauthorization of the Low-Income Home Energy Assistance Program (LIHEAP) through FY 2030 as well as the Weatherization Assistance Program (WAP) through FY 2030.

Many environmentalist groups have since come out in opposition to the draft bill, claiming that it is inadequate. Food & Water Action policy director Mitch Jones said that the draft bill doesn’t do enough to clean up the environment, adding that “a bold climate plan must call for a ban on fracking and all new fossil fuel infrastructure, and a swift and just transition to 100 percent clean, renewable energy across all sectors of the economy.” Many other green groups have echoed similar feelings that the draft bill does not go far enough.

In other climate news, Treasury Secretary Steven Mnuchin recently shot down the idea of taxing carbon as “a tax on working people.” Mnuchin also said that technology will solve many of the problems and the focus should be on “having reasonably priced energy, or we’re not going to create growth and jobs.”

COURT DISMISSES SOME BIOFUEL WAIVERS

Last Friday, the U.S. Court of Appeals for the 10th Circuit ruled that the EPA must reconsider the 2016 biofuel waivers given to HollyFrontier Corp.'s Woods Cross and Cheyenne refineries and CVR Energy Inc.'s Wynewood refinery.

Because the refineries did not receive exemptions in 2015, and the RFS states that any waiver approved for a small refinery after 2010 must be considered an "extension," the court ruled that the agency's justification for the waivers was flawed. Furthermore, the Government Accountability Office (GAO) announced that it would begin an investigation of the Trump Administration’s granting of small refinery exemptions (SREs) to the RFS.

The investigation comes in response to a letter from several midwestern lawmakers that called for the agency to investigate the EPA’s approval of SREs in 2018. In part, the letter states, "Between 2013 and 2015, the EPA granted no more than 8 waivers for any given year. The current Administration retroactively approved 19 waivers for 2016, then proceeded to grant 35 waivers in 2017, and now 31 waivers for 2018—exempting a total of nearly 4 billion gallons of fuel from the RFS. The number of waivers approved has grown exponentially with major corporations like ExxonMobil and Chevron among those that received these economic hardship exemptions. This raises real questions about the review process and what other factors that the EPA is considering in approving the waivers."

In December, the EPA issued its annual renewable fuel blending volume obligations (RVOs) for 2020 as required under the RFS program. The rule stated that the EPA will not recapture and reassign actual renewable blending volumes lost to SREs in any given year. Instead, the EPA will project an estimated displaced volume based on the Department of Energy’s (DOE) SRE recommendations averaged over the previous three years. However, renewable fuel producers opposed the EPA formula because they believe it will result in far fewer recaptured gallons than actually displaced by SREs.

In comments that PMAA submitted to the EPA, PMAA said that it has no position on SREs, however, PMAA opposes any reallocation of displaced gasoline volumes lost to SREs if it would result in a total corn ethanol RVO greater than 9.7 percent of projected customer demand as determined by the EIA. PMAA believes reallocating displaced ethanol volumes would likely create undue speculation and disruption to retail motor fuels markets.

CFTC MOVES FORWARD WITH POSITION LIMITS PROPOSAL

Yesterday, the Commodity Futures Trading Commission (CFTC) kicked off a 90-day comment period over a proposed and long-delayed position limits rule mandated by the “Dodd-Frank Wall Street Reform Act” to curb excessive speculation in energy and other commodities futures contracts. Four position limits proposals have been issued in the last decade with just one finalized. The one that was finalized was struck down by the U.S. District Court for the District of Columbia which said that the law was ambiguous and that regulators hadn’t properly justified position limits.

Republicans Chairman Heath Tarbert, and Commissioners Brian Quintenz and Dawn Stump voted to advance the proposal while Democrats Dan Berkovitz and Rostin Behnam dissented.

The new position limits proposal would impose limits at or below 25 percent of “deliverable supply” on 25 “core reference contracts,” instead of every contract. It would also expand the list of CFTC-defined bona fide hedge exemptions and create a new process for bona fide hedges not on the CFTC’s list. Those “non-enumerated hedges” would be approved at the exchange level and then be subject to CFTC review. The democratic commissioners voiced their concerns that the new proposal is less sweeping than earlier versions and would impact trading on the soonest-expiring contracts, leaving intact traders’ abilities to make big wagers on longer-term contracts. It’s also likely to allow for bigger maximum positions than currently allowed in some physically settled futures contracts, and limits will likely be more permissive than those now allowed by exchanges. Exchanges would be free to maintain their current levels, but then they would be more restrictive than what the CFTC is permitting.

PMAA believes the necessity of speculative position limits was well established by Congress after countless committee hearings during which lawmakers heard testimony from bona fide end-users of commodities and derivatives, as well as bipartisan staff reports and independent investigations that found the absence of position limits had exacerbated market volatility and opened the door to excessive speculation.

PMAA plans to file comments before the 90-day comment period deadline.

TRANSITION TO LOW SULFUR DIESEL FOR MARINE VESSELS AVOIDS DISRUPTION TO HEATING OIL AND DIESEL FUEL SUPPLIES

Many years of planning and preparation by refiners, the maritime shipping industry, and both U.S. and international regulators has successfully prevented any disruption to the heating oil and diesel fuel supply as a result of strict new sulfur content limit for marine diesel fuel starting January 1, 2020. The International Maritime Organization's new standard (IMO-2020), requires ocean going vessels to switch from using heavy bunker fuel to diesel fuel with a maximum sulfur content no greater than 5,000 ppm (0.5 percent sulfur) while operating in international waters. Previously, the maximum sulfur limit for ocean going vessels was set at 35,000 ppm (3.5 percent sulfur).

The smooth transition thus far is good news for heating oil dealers and petroleum marketers throughout the Northeast and Mid-Atlantic regions who were concerned that demand for IMO-2020 diesel fuel would disrupt supplies of diesel motor fuel and heating oil and drive up prices. In order to address these concerns, U.S. refiners ramped up production of 5,000 ppm compliant fuel over the past year and prepositioned supplies at key ports where demand for marine diesel is high. The EPA also helped pave the way by making technical corrections to the federal regulations by increasing the maximum allowable sulfur content in diesel fuel available for sale in the U.S. from 1,000 ppm to 5,000 ppm. Federal regulations require ocean going vessels to use diesel fuel with 1,000 ppm sulfur or less while operating within the coastal emission control area (ECA) that stretches 200 nautical miles out from the U.S. coastline. Beyond the ECA in international waters, vessels switch fuel tanks and operate with 5,000 ppm maximum sulfur diesel fuel required by IMO-2020.

Without the EPA technical change, vessel operators prevented from using bunker fuel under IMO- 2020 and unable to purchase 5,000 ppm compliant fuel, would instead tap into the U.S. distillate pool that supplies 1,000 ppm diesel fuel, 15 ppm heating oil and 15 ppm diesel fuel. The additional demand on the distillate pool would have increased prices on domestic heating oil and diesel fuel.

PMAA worked closely with the EPA to ensure IMO-2020 would not affect the price or availability of heating oil and diesel fuel and will monitor distillate supply in the Northeast and Mid-Atlantic regions to prevent any negative impact from IMO-2020.

PLEASE SUPPORT THE 2020 SCHOLARSHIP SILENT AUCTION!

In May 2020, the WPMA Scholarship Foundation will award $32,000 in scholarships to graduating high school seniors. The Foundation receives a large portion of its working capital through income from the annual Scholarship Silent Auction held at the WPMAEXPO in February. Please support the Scholarship Foundation by donating an item with a value of $100 or more to the 2020 Scholarship Silent Auction.

Past Silent Auction donations have included tickets to sporting events, vacation packages, decorator items, electronics, sports equipment, logo clothing, jewelry, tools, and accessories. If you would like to donate an item, please fill out the Silent Auction Donation Form available under the WPMAEXPO Sponsorship or Scholarship tabs on the WPMA website https://www.wpma.com/pdf/scholarship/SA19Generic-DonationFrm0701w.pdf or e-mail Kathy Michaelis at kathym@wpma.com. The value of items donated to the auction is tax-deductible.

SCHOLARSHIP DEADLINE IS APPROACHING!

The time is fast approaching when the WPMA scholarship recipients for 2020 will be selected. **MARCH 1, 2020 is the cut-off date** for applications to be postmarked and mailed to the WPMA office. Usually, there are less than 20 applicants for each WPMA state scholarship and the associate member scholarship, which makes the chances of receiving a scholarship very good. Applicants must be graduating high school seniors, and the son or daughter of a full-time employee of a WPMA member or associate member company.

NEW THIS YEAR! High School seniors who are currently working part-time for a WPMA member company, and have been employed for at least 90 days, may also apply for the scholarship.

Applicant qualification information and the scholarship applications and are available to download at https://www.wpma.com/pdf/scholarship/Scholarship-Application-eform18-19.pdf . Scholarship applications are also available from the WPMA office by e-mailing kathym@wpma.com and requesting an application.

The WPMA scholarships pay $500 per semester for up to eight semesters, for a maximum award of $4,000. **Employers, please remind your employees to request or download an application right away, and give their students a chance for some extra financial help in college!**

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.

THANK YOU WPMA EXPO 2020 TOP SPONSORS

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MARK YOUR CALENDARS FOR UPCOMING EVENTS

February 18-20, 2020 – WPMA Convention & Expo – Mirage Hotel– Las Vegas, NV
April 21, 2020 – IPM&CSA PAC Golf Tournament – Ridgecrest GC – Nampa, ID
April 21-23, 2020 - Federated Insurance Risk Management Academy
May 7-8, 2020 – Nevada NPM&CSA – Big Dogs - Las Vegas, NV
June 2-3, 2020 – Montana MPMCSA – Convention – Fairmont Hot Springs Resort – Fairmont, MT
June 22-25, 2020 – Washington (WOMA) – Convention – Suncadia Resort – Cle Elum, Washington
August 5-7, 2020 – Idaho (IPM&CSA) Convention – Coeur d' Alene Resort – Coeur d' Alene, Idaho
August 17-19, 2020 – New Mexico (NMPMA) Convention – Sandia Resort & Casino – Albuquerque, NM
September 9-10, 2020 – Utah (UPMRA) – Convention – Park City Marriott – Park City, Utah
September 15-17, 2020 - Federated Insurance Risk Management Academy

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Petro Pete: ***"My opinions may have changed, but not the fact that I am right."***

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.