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A SUCCESSFUL 2017 WPMAEXPO!

It was a banner year at the 2017 WPMAEXPO in Las Vegas, February 21st – 23rd. Attendance was up, and the mood was positive and upbeat. Our Keynote, Rudy Giuliani, spoke to a full house, and his remarks were timely and informative. The Tuesday educational sessions were exceptional, giving attendees new insights on Security and Tracking, Courting Generation Z, Cyber Security, Does OPEC Still Have the Power to Move the Markets, and driving S.A.F.E. Thursday's open forum discussion on the future of petroleum was very well-attended and enlightening, and business was lively on the trade show floor, as our outstanding exhibitors highlighted the latest updates in equipment and services for the petroleum industry.

The WPMAEXPO is a great place to network, renew friendships, and gain information that will help your business prosper. Thanks to our sponsors, attendees, exhibitors, and speakers for making the 2017 WPMAEXPO such a great success. We'll see you in 2018!

SCHOLARSHIP FOUNDATION THANKS

The WPMA Scholarship Foundation extends a special thank you to those who supported the Foundation, either through cash donations, donating or purchasing items in the Silent Auction, or participating in the Scholarship Open at Bear's Best Golf Course. The proceeds from these WPMAEXPO events go directly to the Foundation, to fund the eight \$4,000 scholarships that are awarded each year.

KEY LAWMAKER HOPES FOR RFS REFORM BY AUGUST

The EPA's ethanol mandate could be on the short list for major reform this year, according to leaders on the House Energy and Commerce Committee. This coincides with House Majority Leader Kevin McCarthy's (R-CA) statement from earlier this year which indicated that RFS reform will likely be in the cards. This is welcome news for petroleum marketers as there is a growing chorus in Congress to finally fix the corn ethanol mandate which has led to higher prices at the pump and interferes with petroleum marketers' ability to compete in the retail motor fuels market.

On Wednesday, Chairman of the Energy and Commerce Subcommittee on Environment, John Shimkus (R-IL), said that some overhaul of the federal ethanol mandate could be passed into law by August. However, he acknowledged that reaching a compromise on reform will be an uphill battle. Rep. Shimkus, whose district is one of the nation's top producers of corn, stated that "you have to have a big vote, because we have to send a signal to the Senate that there's a lot of people behind this and everybody's taken their pound of flesh. Otherwise, I think my friends from states similar to me will circle the wagons and stop any reform."

PMAA continues to pursue a cap on the maximum amount of ethanol blended into gasoline at 9.7 percent. PMAA believes that capping the ethanol mandate at this level will solve many UST compatibility issues and is the most effective way to lower the value of RINS, and in turn, allow small business retailers to compete on a level playing field.

TRUMP ISSUES EXECUTIVE ORDER TO REVIEW OR RESCIND U.S. WATERS RULE

President Trump signed an executive order earlier this week that orders the U.S. Army Corps of Engineers and the EPA to review or rescind the 2015 "Waters of the U.S." (WOTUS) rule. The President will also call for a halt of a lawsuit that challenges the rule from dozens of states, businesses and agricultural groups while the measure is being reviewed.

At the most fundamental level, the rule that was finalized during the Obama Administration, represents an unjustified expansion of Clean Water Act jurisdiction far beyond the limits of federal regulation explicitly established by Congress and affirmed by the courts. The rule gives federal agencies direct authority over land use decisions that Congress has intentionally preserved to the States. The EPA issued a final rule in May 2015 that attempts to expand federal jurisdiction over navigable waters under the Clean Water Act.

The rule is important to petroleum marketers because it defines how far federal clean water regulations extend into local land use and permitting decisions including the construction of new gasoline stations and surface water runoff from parking and fueling areas. Many petroleum marketers with bulk storage could also be adversely affected by the revised definition. In 2015, PMAA joined with a coalition representing a broad range of businesses, industries, and commercial interests to voice strong opposition to the revised definition of the WOTUS and PMAA has supported congressional efforts to scrap it through legislation and to block its implementation through the end-of-year spending bills. However, the Executive Order will only start the process of unwinding the EPA rule and it is not yet clear whether the Trump Administration's goal is to kill the rule or to write a far narrower version. Reversing WOTUS would require a rulemaking, which would be particularly complicated because of the ongoing litigation around the rule.

PMAA applauds the President's directive to review or rescind the WOTUS rule.

ANTI-REGULATORY BILLS PASS HOUSE

Three bills that are strongly supported by PMAA were passed by the House this week. On Wednesday, the House passed H.R. 998, the "Searching for and Cutting Regulations that are Unnecessarily Burdensome Act of 2017" by a vote of 240-185. The SCRUB Act would create a five-year commission to repeal federal regulations to offset the cost of new rules. This bill was passed in the last Congress but was then vetoed by President Obama. President Trump is expected to support the legislation.

Also on Wednesday, the House passed H.R.1009, the Office of Information and Regulatory Affairs (OIRA) Insight, Reform, and Accountability Act by a 241-184 vote. Under H.R. 1009, the authority of the OIRA to review regulations would be codified and rules with significant economic effects could not be finalized without OIRA's determination that the agency considered the costs and benefits, alternatives, and minimized the burden on businesses.

H.J. Res. 83 which disapproved the Department of Labor relating to "Clarification of Employer's Continuing Obligation to Make and Maintain an Accurate Record of Each Recordable Injury and Illness" was also passed by a vote of 231-191.

On December 19, 2016, the Obama Administration published a rule in which the Occupational Safety and Health Administration (OSHA) extended the statute of limitations for paperwork errors to five years. H.J. Res. 83 would ensure that the rule has no force or effect.

While these bills breezed through the House, they face an uphill battle in the Senate due to the 60-vote threshold.

FORMER TEXAS GOVERNOR RICK PERRY CONFIRMED AS NEW ENERGY SECRETARY

On Thursday, the Senate confirmed on a 62-37 vote former Texas governor Rick Perry as Secretary of the Department of Energy. Although Perry softened his view during his confirmation hearing, he proposed eliminating the department when he was a 2012 presidential candidate.

Perry has extensive experience in energy development but little background in nuclear weapons, a primary responsibility for DOE. "We collectively understand that the opportunity we have been given, this is maybe a once in a lifetime opportunity to truly put America on a course that will deliver for future generations extraordinary opportunities," Perry said after being sworn in. While two thirds of the DOE's budget is dedicated towards managing America's nuclear stockpile, the remaining third of DOE's nearly \$30 billion annual budget supports energy research and development and the creation of efficiency standards for things like boilers and furnaces.

TRUMP PROVIDES BUDGET OUTLINE AND SPEAKS TO CONGRESS

President Trump released some of his budget blueprint this week prior to and during his speech before a Joint Session of Congress. His budget, which will be submitted this Spring, would increase military and law enforcement by \$100 billion, including border wall funding, tax cuts, a trillion-dollar infrastructure plan (with public and private investment) and tax credits to buy health care coverage to replace Obamacare. President Trump plans to pay for these proposals through deep cuts in domestic discretionary spending.

Equally significant is what the President did not say. Unlike his predecessors' presentations to Congress, Trump did not

bring up climate change or natural gas. He did highlight his support for the Keystone XL and Dakota Access pipelines and his plan to ensure new pipelines are built with U.S. steel. Further, he wants to work with Democrats and Republicans "to promote clean air and clean water."

EPA STUDY BLAMES ASIA AND HEAT WAVES FOR HIGH OZONE LEVELS

A new study funded by NASA and conducted by researchers at NOAA, EPA, Princeton and Columbia University reports that more frequent heat waves and pollution drifting from Asia have caused high ozone levels in the U.S.. Furthermore, policymakers should consider a global perspective when setting national air quality standards.

According to the report in the journal of Atmospheric Chemistry and Physics, Asian NOx emissions have tripled since 1990 and the Asian emissions drift across the Pacific to the U.S., and, increasingly strong heat waves in the eastern U.S. are also raising ozone levels.

PMAA AND NEFI COMMENTS TO CFTC

This week, PMAA and the New England Fuel Institute (NEFI) submitted [comments](#) to a December 30, 2016 Reproposal of Position Limits for Derivatives. The comments on the long-delayed position limits proposal for energy futures and swaps are meant to supplement our previous comments on the subject before the Commodity Futures Trading Commission (CFTC).

PMAA and NEFI strongly disagree with comments that speculative position limits for previously exempt commodities and contracts are either unnecessary, or that the CFTC has not sufficiently established their necessity. The necessity of speculative position limits was well established by Congress after countless committee hearings, bipartisan staff reports and independent investigations that found the absence of position limits had exacerbated market volatility and opened the door to market manipulation. Furthermore, the CFTC has been evaluating the necessity for position limits for more than eight years in an ongoing effort to establish position limits for energy and other previously exempt commodities.

We support recommendations from the Chicago Mercantile Exchange (CME) and others that the CFTC abandon favorable treatment for cash-settled contracts, including the arbitrary "five-day rule" and conditional spot-month limits. Physically-settled and cash-settled contracts should be treated on a one-for-one basis. Establishing higher limits for cash-settled contracts would create an opportunity for market manipulation and result in unwarranted price volatility and diminished market confidence.

GOVERNORS SUPPORT TRUMP INFRASTRUCTURE PLAN

Governors from 46 states, including National Governor's Association (NGA) Chairman Gov. Terry McAuliffe (D-VA), met with President Trump earlier this week. Many Governors expressed support for the use of public-private partnerships to help fund infrastructure projects across the country. President Trump has said that he plans on implementing a \$1 trillion infrastructure plan that would build/repair roads, bridges, airports and other infrastructure projects. Furthermore, he plans for these projects to be partially financed through tax credits to investors and construction companies.

Speaker of the House Paul Ryan (R-WI) and other Republicans have expressed support for using tax credits to spur private infrastructure work. However, Speaker Ryan has indicated that infrastructure decisions will need to wait until the spring, due to the complex agenda currently in front of Congress, which includes a plan to repeal and replace Obamacare and comprehensive tax reform.

If a broader infrastructure bill moves forward, PMAA will be on the lookout for natural gas pipeline streamlining language which both PMAA and NEFI oppose. Last year, the House passed-energy bill included language that was not fuel neutral since it would expedite interstate natural gas pipeline approvals and did nothing to expedite oil pipelines. Specifically, the House bill would expand the federal land eligible for natural gas pipeline siting, including designation as National Energy Security Corridors, to include land in the National Park System.

Rather than deregulate the natural gas pipeline permitting process, Congress should require that regulators and gas companies increase system efficiency by requiring that the thousands of miles of existing natural gas pipelines that are aging or obsolete be repaired or replaced.

RUMORED POINT OF OBLIGATION DEAL PROVES TO BE FALSE

Earlier this week, conflicting reports surfaced about whether the Trump Administration would issue an executive order which would move the point of obligation under the Renewable Fuel Standard (RFS) from refiners/importers to position holders at the terminal rack. News of the potential changes have sent RIN prices tumbling. Moving the point of obligation to position holders at the terminal level will not confer obligated party status on marketers who blend below the rack. Also, marketers who hold title to fuel in a terminal, but who are not position holders themselves, will not be captured as obligated parties under the proposed changes.

While an executive order could be issued later this week, changes in the RFS will not be effective immediately. In order to move the point of obligation, the U.S. EPA would be required to conduct a formal rulemaking, including public notice and

comment period, which is likely to take a year or more to complete. Also, opponents of the move are likely to sue in federal court to keep the point of obligation at the refiner level, further delaying the impact of the executive order.

Meanwhile, in exchange for moving the point of obligation to the position holder at the terminal rack, there has been speculation that EPA would grant a one pound RVP waiver for E15. PMAA opposes any initiative to apply the one pound waiver for E15 because the existing motor fuels distribution system cannot legally distribute E15. Federal, state, and local laws and regulations, national and international fire codes, as well as all commercial insurance policies, require the use of Underwriters Laboratories (UL) certified storage and dispensing equipment or specific documentation proving the equipment is compatible with E15. More importantly, only Congress has the authority to expand the waiver for E15, therefore, it cannot be done through regulation.

TRUMP SIGNS EXECUTIVE ORDER REQUIRING ALL AGENCIES TO CREATE TASK FORCES

Earlier this week, President Trump signed an executive order stating that all agencies must form their own regulatory reform task force to identify regulations to “repeal, replace or modify.”

The task forces are required to seek stakeholder input, likely through a federal register notice. Removing rules will likely involve a long process unless Congress changes the Administrative Procedures Act which could result in many court battles. Although the process to remove rules could be difficult and lengthy, PMAA will be in touch with task force contacts at the agencies it deals with to discuss certain rules.

REGISTRATION IS OPEN FOR PMAA'S WASHINGTON CONFERENCE AND DAY ON THE HILL SCHEDULED FOR MAY

PMAA's 2017 annual Washington Conference and Day on the Hill will be held in Washington, DC from May 17-19. With the new Congress and Administration in place, it is important that our industry concerns are heard!

The meeting will begin with an Opening Session / Issues Briefing and Region meetings in the afternoon of May 17. Our welcome reception, including our fun and popular PAC silent auction fundraiser, will conclude the day! On the morning of May 18, marketers will head to Capitol Hill for visits with their Congressional delegations after a buffet breakfast and issues briefing for those who were not able to attend the opening session. Please be sure to make these appointments at your earliest convenience. There will be a hospitality suite and luncheon on the Hill. On the evening of May 18, we will honor our new PMAA Chair Mark Whitehead. Our conference will conclude after the PMAA Board of Directors meet on May 19 following a buffet breakfast and committee meetings.

Please click [here](http://www.cvent.com/d/svqfns) (<http://www.cvent.com/d/svqfns>) for our event website for all details and registration with secure event payment processing through Cvent.

If you plan on attending PMAA's annual Washington Conference and Day on the Hill, now is the time to make your [room reservation](http://www.cvent.com/events/pmaa-washington-conference-and-day-on-the-hill/location-92a70f78b1ed4443bd7f8b868b9582c9.aspx) (<http://www.cvent.com/events/pmaa-washington-conference-and-day-on-the-hill/location-92a70f78b1ed4443bd7f8b868b9582c9.aspx>) as we have had an excellent response to the room block. See you in DC this spring!

PLAN TO ATTEND THE 2018 WPMAEXPO



Mark your calendars for February 20-22, 2018. Make plans now to attend the 2018 WPMAEXPO. It will be held once again at the Mirage in Las Vegas, Nevada.

MARK YOUR CALENDARS FOR UPCOMING EVENTS

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

February 20-22, 2018 – WPMA Convention & Expo – Mirage Hotel– Las Vegas, Nevada

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

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Petro Pete: *"If con is the opposite of pro, then isn't Congress the opposite of progress?"*

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