

March 23, 2012

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WP-03-23-12

### **WPMA 2012 POST CONVENTION SURVEY WINNERS**

Congratulations to our two \$100 survey winners. They are Don Tow of AlonUSA and Jason Bloch of Tanknology Inc. WPMA would like to thank all who participated in the WPMA Post Convention Survey. The survey results help us strive to achieve greater results for our exhibitors and attendees.

### **NEVADA BIG DOGS SHOOTOUT**

This year's Big Dogs Shootout will feature Rick Harrison as our Thursday dinner speaker. Rick is the star of History Channel's top rated show with some 6 million viewers "Pawn Stars". Rick, his father "The Old Man", his son Corey "Big Hoss" have been in business in downtown Las Vegas for more than 28 years. Rick has lots of tales and experiences to share at the Big Dogs Shootout dinner, May 10th at the Red Rock Resort. To get a flavor our Rick's humor and insight take a look at the attached video clip to see for yourself what a great evening you will have at the 2012 Big Dogs Shootout.

[http://www.youtube.com/watch?v=8eBr8Th\\_NA&feature=player\\_embedded](http://www.youtube.com/watch?v=8eBr8Th_NA&feature=player_embedded)

### **HOUSE COMMITTEE EXAMINES HIGH OIL PRICES**

On Wednesday, the House Natural Resources Committee held a hearing to address rising gasoline prices. Testifying before the Committee were Diana Furchtgott-Roth, senior fellow, Manhattan Institute for Policy Research; David Holt, president, Consumer Energy Alliance; Dennis Kelleher, president and CEO, Better Markets Inc., and Lucian Pugliaresi, president, Energy Policy Research Foundation.

House Natural Resources Committee Chairman Doc Hastings (R-WA) argued that energy production on federal lands has declined in recent years citing last week's non-partisan study which showed that total energy production on federal lands dropped by seven percent since President Obama took office. Furthermore, Rep. Paul Tonko (D-NY) stated that if the U.S. opened more federal lands for oil drilling, OPEC would reduce output to offset additional U.S. domestic oil supply since oil is a global commodity. Witnesses agreed that OPEC could counteract U.S. oil production, but Chairman Hastings rebutted that if the U.S. became energy independent by opening up areas for drilling and approving the Keystone XL Pipeline, OPEC would have less market power to set the world price of crude oil given the additional domestic oil production.

Better Markets Kelleher argued that commodity markets are different from equity markets and that commodity markets were not intended to be purely speculative, but rather were created for commercial hedgers such as airlines, petroleum marketers and farmers to hedge risk. Speculation serves a meaningful purpose in commodity markets, but when there is an overwhelming influx of liquidity from index funds and other speculative entities, excessive speculation can bring unintended consequences. As much as 25 percent of the price of oil is due to speculation, in fact, Goldman Sachs estimated that excessive speculation increases prices at the pump by as much as 56 cents-per-gallon, Kelleher said. Additionally, Pugliaresi with Energy Policy Research Foundation said that total U.S oil demand for this year won't exceed 15 million barrels-per-day. If this holds true, 2012 will likely see a dramatic demand destruction since the U.S. currently consumes 19 million barrels-per-day.

PMAA believes that excessive oil speculation is partially to blame for higher motor and heating fuel prices. However, affordable consumer energy will not be achieved until Congress passes a comprehensive energy policy that includes oil exploration, and a sound monetary policy coupled with a well-regulated, transparent, and stable energy futures and swaps market.

### **CFTC CHAIRMAN MAKES CASE FOR MORE FUNDING**

This week, the Chairman of the Commodity Futures Trading Commission (CFTC), Gary Gensler, urged House and Senate Appropriations Subcommittees to appropriate \$308 million for FY 2013. The funding level mirrors the CFTC's 2012 budget request which is essential to sufficiently implement the Wall Street Reform Act (futures market reform Title VII). Last month, PMAA, along with several Commodity Markets Oversight Coalition (CMOC) members, sent a letter to Chairman Richard Durbin (D-IL) and Ranking Member Jerry Moran (R-KS) of the Senate Appropriations Subcommittee on Financial Service and General Government as well as Chairman Jack Kingston (R-GA) and Ranking Member Samuel Farr (D-CA) of the House Appropriations Subcommittee on Agriculture regarding the need for increased funding for the CFTC. Both Subcommittees hold jurisdiction over CFTC funding.

The CFTC's proposed 2013 budget would be offset through user fees. During the hearing, Subcommittee Chairman Dick Durbin (D-IL) seemed to be open to applying a user fee on speculators who access the commodity markets. Currently, the Securities and Exchange Commission (SEC) levies transaction fees which have been used to partially offset its appropriation from Congress. However, the user fees will face objections from House leadership which have expressed their interest in significantly cutting CFTC funding to prevent the Wall Street Reform Act law from being fully implemented. Last

year, the House slashed FY 2012 funding for the CFTC to \$172 million from its 2011 level of \$202 million in order to delay full implementation of the reform.

In related news, PMAA, NEFI and several other CMOC members sent a letter to the CFTC's Energy and Environmental Advisory Committee urging the Commission to convene a meeting to examine the recent spike in crude oil and refined petroleum product prices. Despite ongoing tensions in the Middle East, PMAA is not entirely convinced that current market trends are reflective of fundamentals and asked that the Committee meet soon to gain a better understanding on what the CFTC is doing to ensure stable, transparent and competitive markets are free of excessive speculation and manipulation.

### **JUDICIARY APPROVES BILL TO STOP ALL FEDERAL RULES**

The House Judiciary Committee approved a bill this week to halt major regulations until the unemployment rate drops to six percent. The Regulatory Freeze for Jobs Act would impose a moratorium on rules costing \$100 million a year. H.R. 4078, sponsored by Rep. Tim Griffin (R-AR), could stall most major regulations because unemployment is not expected to fall to six percent for several years. The committee amended the Act to allow the president to seek a waiver for any rule the executive branch considers "necessary to protect the public health, safety or welfare."

H.R. 4078 is similar to a bill introduced last year by Sen. Ron Johnson (R-WI). S. 1438 would block costly regulations until the unemployment rate falls to 7.7 percent, roughly where it was when President Obama took office in 2009. Although the bill will be voted on by the full House in the next few months, enactment into law is most uncertain given concerns of Senate Democrats and the Obama Administration.

### **NATIONAL WEBINAR FOR PMAA ON MARCH 27<sup>TH</sup>**

#### **The Renewable Fuel Standard 2 and Biodiesel –Taking Advantage of New Markets, Managing Risks, and Maximizing Profits**

Implementation of the Renewable Fuel Standard (RFS-2) has helped spur increases in biodiesel volumes and they are projected to continue to rise. Within the RFS-2, biodiesel can now be used in many different economic sectors that currently use diesel fuel such as agriculture, underground mining, railroads, marine, and off-road construction. Opportunities exist within the RFS-2 program to increase biodiesel use and blending which could benefit the petroleum distributor and retailer due to capturing the monetary value in Renewable Identification Numbers (RINs). RINs have become the competitive edge for hundreds of marketers.

The objective of this national webinar will be to strengthen the knowledge base of PMAA members by 1) providing a quick overview of the state of the biodiesel industry in 2012 and fuel quality aspects pertinent to the RFS-2, and 2) delivering "real time" relevant information concerning what petroleum distributors and retailers need to know about the RFS-2 and how they may benefit from participation in the RFS-2 program.

Topics covered will include:

- The Renewable Fuel Standard-2 and components to the RFS-2 (sustainability, qualified feedstocks and fuel pathways, ASTM definition) for the biodiesel industry
- New markets and potential for biodiesel in the RFS-2
- RFS-2 compliance by obligated parties and their obligations (Renewable Volume Obligation)
- Introduction to Renewable Identification Numbers (RINs)
- Taking title and blending the RIN
- RIN transaction tracking
- Reporting requirements
- Selling RINs and "Buyer Beware"
- RIN prices and dynamics in the marketplace
- Question and Answer

Webinar Presenters: Jeff Hove, RIN Alliance & Richard Nelson, NBB

Webinar date: March 27th

Webinar Time: 10:00 to 11:00 a.m. CST

Webinar Login Information: <https://www1.gotomeeting.com/register/576867792>

For more information, please contact: Jeff Hove or Ginger Thune, RINAlliance (866) 433-7467 or Richard Nelson (785) 532-4999.

## **2013 WESTERN PETROLEUM MARKETERS CONVENTION & CONVENIENCE STORE EXPO LAS VEGAS, NEVADA**

Start planning now to attend the 2013 WPMA Convention and Convenience Store Expo. It will be held at the Mirage in Las Vegas, Nevada. Mark your calendars for February 19-21, 2013.

### **MARK YOUR CALENDARS FOR UPCOMING EVENTS IN 2012**

**May 10-11, 2012**– Nevada - NPM&CSA Convention/Big Dogs Event – Las Vegas, Nevada

**June 5-7, 2012** – Montana - MPMCSA Convention – Billings Hotel and Convention Center – Billings, Montana

**June 18-21, 2012** – Washington - WOMA Convention – Suncadia Lodge – Cle Elum, Washington

**June 19, 2012** – Idaho-IPM&CSA 1:30 pm Annual DEQ/UST Compliance and Informational Meeting with DEQ staff at DEQ

**June 21, 2012** – Utah - UPMRA Summer Golf Classic – Old Mill Golf Course – Draper, UT

**August 1-3, 2012** – Idaho - IPM&CSA Convention – Coeur d'Alene Resort, Coeur d'Alene, Idaho

**August 15-16, 2012** – Utah - UPMRA Convention – Zermatt Resort (tentative), Midway, UT

**August 27-29, 2012** – New Mexico - NMPMA Convention and Trade Show – Embassy Suites – Albuquerque, New Mexico

**Petro Pete: “*Going to church doesn't make you a Christian any more than standing in a garage makes you a car.*”**

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Thanks.