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NEVADA MARKETERS AVERT SIGNIFICANT GASOLINE SHORTAGE IN LAS VEGAS

Lead by Mark Lytle, WPMA First Vice President and Paul Anderson, Chairman of the Nevada Board of Agriculture, both NPM&CSA members collaborated to avert a serious gasoline shortage in Las Vegas this week.

Extremely low inventories of gasoline were reported over the Easter Day weekend in the Las Vegas valley which resulted from a series of refinery and pipeline issues. On Monday, marketers reached out to the Department of Agriculture who has the responsibility for fuel quality to determine if a state waiver was needed to import CARBOB gasoline into southern Nevada.

Pro Petroleum's Mark Lytle working with Paul Anderson, Ag Board Chairman and marketer, Jim Barbee, Director of Agriculture Department and his staff, in coordination with the Clark County air quality officials, determined a fuel waiver was not needed to import CARBOB. The result of NPM&CSA's coordinated efforts between jobbers, state and local regulators resulted in preventing a significant gasoline shortage in Las Vegas and causing a potential economic black-eye.

EPA SET TO REGISTER ISOBUTANOL AS A GASOLINE ADDITIVE

The EPA issued a "Request for Information" notice this week seeking public comment on the agency's pending approval of a request to use isobutanol as a gasoline additive in concentrations up to 16 percent by volume. Isobutanol is a substitute for corn ethanol and qualifies as an "advanced biofuel" under the RFS. The registration request is good news from a petroleum marketer's perspective because bio-isobutanol can be transported in existing supply pipelines and is compatible with all vehicle engines, marine engines, motorcycles and small engine powered equipment. Isobutanol is a higher-chain alcohol produced naturally during the fermentation process of organic material such as corn, grasses and agricultural waste. After a series of engine compatibility studies, the U.S. Department of Energy concluded that isobutanol "may prove to be a more attractive alternative than ethanol due to fuel characteristics that closely resemble gasoline."

Under existing EPA fuel registration requirements, isobutanol is approved for limited use as a gasoline additive, but only for small producers who are exempt from conducting certain emission and health testing. The current registration would open opportunities for refiners and suppliers to use isobutane as a gasoline additive, greatly enhancing its commercial viability as an alternative to ethanol. Isobutanol is already widely used in parts of Texas. One biofuel company recently invested \$40 million into the conversion of an ethanol plant in Minnesota to a 22 million gallon per year, commercial scale corn-to-isobutanol production facility. Production capacity for isobutanol is still limited, but the new additive registration is likely to incentivize its growth.

EPA said it is likely to approve the registration.

EPA TO EASE AUTOMOBILE FUEL EFFICIENCY STANDARDS

On Monday, the Environmental Protection Agency (EPA) announced that it will not be renewing Obama-era Corporate Average Fuel Economy (CAFE) standards for cars and light trucks when the program is scheduled to end in 2025. The Obama Administration initially set 50 miles per gallon (mpg) as an across the board fleet-wide target by 2025. However, the target will not be met because the EPA announced that there will be a reduction in CAFE standards already in place for 2022 through 2025. The EPA reports completion of a review that would affect vehicles for model years 2022-25 and details on new standards will be forthcoming.

The EPA is taking the action because the regulation set under the Obama Administration "presents challenges for auto manufacturers due to feasibility and practicability, raises potential concerns related to automobile safety, and results in significant additional costs on consumers, especially low-income consumers." Furthermore, the agency is taking the action because the market for electric vehicles hasn't materialized as expected. Consumers are buying trucks and SUVs in record numbers while more fuel-efficient passenger cars and electric vehicle sales plummet. The EPA's plan will essentially end the federal fuel efficiency program first initiated by the Obama Administration in 2008. EPA plans to partner with the National Highway Traffic Safety Administration (NHTSA) to come up with new standards.

The decision will set up a historic clash between the federal government and California which establishes its own strict mpg standards. California accounts for roughly 12 percent of new vehicle registrations annually, giving the state an outsized influence that largely dictates the standards by which auto manufacturers build cars. The Obama Administration aligned federal goals with California standards in 2008, temporarily resolving the federal/state regulatory conflict. EPA Administrator Scott Pruitt has already indicated that California "shouldn't and can't dictate to the rest of the country what these levels are going to be." Bringing California into line would require eliminating the state's 50-year history of regulating mileage standards and vehicle emissions within its borders by revoking dozens of current waivers spanning decades.

California Air Resources Board (CARB) vows to fight revocation of its Clean Air Act waiver authority. In September, California and four other states sued the federal government for delaying the rollout of the higher penalties, as did several environmental groups. A federal appeals court has set an April 12 hearing on the lawsuit. People familiar with the situation have said that California intends to withdraw its “deemed to comply provision,” a rule declaring that carmakers that satisfy the EPA’s tailpipe greenhouse gas standards automatically fulfill California’s rules too.

ITC LOCKS-IN STEEP DUTIES ON BIODIESEL IMPORTS FROM ARGENTINA AND INDONESIA

On Tuesday, the International Trade Commission (ITC) determined via a 4-0 vote, that the dumping of biodiesel imports from Argentina and Indonesia harms American producers, thereby, finalizing and locking into place steep anti-dumping (AD) duties set by the Commerce Department for five years. In 2016, imports of biodiesel from Argentina and Indonesia were valued at \$1.2 billion and \$268 million, respectively.

The duties established by the Commerce Department set final anti-dumping duties ranging from 60.44 percent to 86.41 percent for Argentine producers and 92.52 percent to 276.65 percent for Indonesian producers. It also set countervailing duties of 71.45 percent to 72.28 percent for Argentina and 34.45 percent to 64.73 percent for Indonesia, to offset government subsidies.

Enforcement of U.S. trade law is a prime focus of the Trump Administration. From January 20, 2017 through February 20, 2018, the Commerce Department has initiated 102 antidumping and countervailing duty investigations – a 96 percent increase from same period in 2016- 2017.

The AD law provides an internationally accepted mechanism to seek relief from the harmful effects of unfair pricing of imports. Anti-dumping duties are imposed on companies, while countervailing duties are imposed on countries.

FDA ISSUES ANPRM’S ON NICOTINE IN CIGARETTES AND FLAVORS IN TOBACCO PRODUCTS

The FDA recently issued two Advance Notices of Proposed Rulemaking (ANPRM) as part of its tobacco and nicotine regulation initiative centered around addiction to nicotine in tobacco products. The first ANPRM, which was issued on March 16, is aimed at setting a maximum level of nicotine allowed in cigarettes. This is the first time the Agency has proposed regulating nicotine levels since they were given the authority to regulate tobacco products in 2009. In a statement, FDA Commissioner Scott Gottlieb stated that “this new regulatory step advances a comprehensive policy framework that we believe could help avoid millions of tobacco-related deaths across the country.” The FDA’s goal of this proposal is to hear public comments on whether the FDA should reduce the level of nicotine currently permitted in tobacco products to ultimately minimize addiction by consumers. Comment submissions on this ANPRM are due by June 14, 2018.

The second ANPRM, which was issued on March 21, is aimed at examining the use of flavors, like menthol, in the use of tobacco products and on transitioning combustible to non-combustible tobacco product use. In a statement, FDA Commissioner Scott Gottlieb specifically requested “personal stories” from individuals that have been aided by flavors in making the transition between combustible tobacco cigarettes and non-combustible products, such as vapor products. Comment submissions on this ANPRM are due by June 19, 2018.

SENATE EPW COMMITTEE CHAIRMAN TO ADDRESS PMAA CONFERENCE ATTENDEES

Senator John Barrasso (R-WY), who is Chairman of the Senate Environment and Public Works Committee, will address petroleum marketers during PMAA’s D.C. Conference and Day on the Hill on Thursday morning, May 17th. The work that the Chairman performs is critically important to petroleum marketers, and conference attendees will have the opportunity to ask the Chairman questions. Of particular interest for marketers, Chairman Barrasso’s committee is the lead committee working on RFS reform.

FEDERATED’S RISK MANAGEMENT ACADEMY FOR PETROLEUM MARKETERS

For two and a half days, **April 24 - 26** or **September 11-13**, experts at Federated’s corporate headquarters in **Owatonna, Minnesota** will guide you through the best practices on how to keep your business safe. These seminars are designed for individuals in positions of risk leadership including owners, operations management, service management, risk management, or human resources. The key to a successful business is implementing and leading a strong risk management culture, so attendees should be in a position to take action! Topics target specific risk management exposures in the Petroleum Industry. Seminar sessions include:

- Pollution Liability
- Risk Managing Your Drivers
- Claims Management
- Employment Practices Risk Management
- Risk Manager Responsibilities
- Family and Business Succession Planning
- Managing Your Workers Compensation
- Underwriting Your Business
- Cyber Risk Management

- Disaster Planning

The seminar is free to attend. For questions, concerns and assistance contact Royetta Spurgeon (507-455-5604), Ryan Crawford (520-820-6478) or your local Federated Marketing Representative. Here is a link for more information <https://www.federatedinsurance.com/ws/fi/InsuranceProducts/RiskManagement/RiskManagementAcademy/index.htm>

PLAN TO ATTEND THE 2019 WPMAEXPO



Mark your calendars for February 19-21, 2019. Make plans now to attend the 2019 WPMAEXPO. It will be held once again at the Mirage in Las Vegas, Nevada.

#wpmaexpo19

MARK YOUR CALENDARS FOR UPCOMING EVENTS

February 19-21, 2019 – WPMA Convention & Expo – Mirage Hotel– Las Vegas, Nevada

May 3-4, 2018 – NPM&CSA Big Dogs – Red Rock Casino – Las Vegas, Nevada

June 5-7, 2018 – MPMCSA Convention & Expo – Fairmont, MT

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

August 20-22, 2018 – New Mexico (NMPMA) Convention – Sandia Resort & Casino, Albuquerque, NM

September 12-14, 2018 – Utah (UPMRA) Convention – Doubletree by Hilton, Park City, UT

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Petro Pete: “My boss told me to have a good day. So, I went home.”

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