

May 11, 2018

Visit us online at www.wpma.com

WP-05-11-18

EPA TAKES STEPS TOWARD EASING OZONE AND PARTICULATE MATTER STANDARDS

EPA Administrator Scott Pruitt is setting in motion plans to review and set six new National Ambient Air Quality Standards (NAAQS) required under the Clean Air Act. The review is important to petroleum marketers because two of the standards under review involve ground level ozone and particulate matter, both of which could impact gasoline and diesel fuel use and formulation requirements.

In a [memo](https://www.pmaa.org/weeklyreview/attachments/document_gw_07_memo.pdf) (https://www.pmaa.org/weeklyreview/attachments/document_gw_07_memo.pdf) released this week, Pruitt laid out five "principles" for determining NAAQS which are aimed at streamlining EPA review and approval process and easing of scientific standards to determine if current standards are adequate to protect human health and environment. The memo also set out an ambitious goal to quickly finalize new NAAQS standards for ozone by 2020 and particulate matter by 2022. Pruitt also seeks to streamline procedures for evaluating scientific research used to determine whether current or proposed standards are adequate to protect public health and give greater weight to the economic costs when determining new pollution control measures.

The goal for the agency is to ease NAAQS standards issued under the Obama Administration that significantly increased non-attainment areas for ozone and particulate matter. The new standards are likely to reduce the number of counties in nonattainment requiring RFG and slow the switch from diesel to natural gas-powered diesel vehicles in counties in nonattainment for particulate matter. The planned changes come less than a month after the Administration ordered EPA to revamp the NAAQS review process and just two years after the Obama Administration lowered the ozone standard from 75 ppb to 70 ppm, greatly expanding nonattainment areas nationwide.

TENTATIVE DEAL REACHED ON RFS REFORM

On Tuesday, reports began emerging that the Trump Administration had reached a deal on the RFS in a White House meeting with Senators representing corn and refining states, as well as the Secretary of Agriculture and the Administrator of EPA.

Since then, it has been clear that the regulatory deal is not yet complete and there are still more negotiations to come. Under the tentative agreement that was reached this week, the ethanol industry would receive a year-round RVP waiver for E15 blends, while biofuels exports would qualify for RINS generation. The White House also agreed to not pursue an artificial cap on RINs prices. The ethanol industry had already pushed back against any effort to cap RIN values and/or allow ethanol exports to qualify for RINS generation since any reduction in RINs will likely hurt E15 sales. In other words, for E15 to become a viable "new fuel" in the marketplace, the ethanol industry needs the 15-billion-gallon ethanol mandate to stay intact which maintains RIN values. Attaching RINs to exported ethanol would likely provide relief to refiners by reining in the cost of RINs.

NEW GUIDANCE RELEASED REGARDING MENU LABELING REQUIREMENTS

On Monday, the FDA released new guidance for the implementation of the menu labeling requirements that also went into effect on Monday.

This [guidance](#)

(<https://www.fda.gov/downloads/Food/GuidanceRegulation/GuidanceDocumentsRegulatoryInformation/UCM461963.pdf>) updates the guidance document that was released last year and includes new examples of alternatives to aid in compliance. It also identifies places where FDA intends to be more flexible in its approach. The guidance reflects input from stakeholders in response to an interim final rule (IFR) (82 FR 20825, May 4, 2017), as well as comments received on the draft guidance document.

Enforcement of the menu labeling requirements began on Monday, May 7, 2018. For information on which establishments are required to comply with the menu labeling rule, see PMAA General Counsel Al Alfano's detailed [explanation](#) (<http://www.pmaa.org/weeklyreview/attachments/FDANutritionLabelingMemo1117.pdf>).

GOP INTRODUCES CARBON TAX RESOLUTION

This week, House Majority Whip Steve Scalise (R-LA), along with Rep. David McKinley (R-WV), introduced a House resolution aimed at putting lawmakers on the record as opposing a carbon tax. H. Con. Res. 119 "expresses the sense of Congress that a carbon tax would be detrimental to American families and businesses and is not in the best interest of the United States."

The resolution finds that a carbon tax would have detrimental effects on businesses and families, arguing that it would increase the price of gasoline and home heating fuel, and therefore increase the cost of food, transportation and other necessities to consumers. Furthermore, the resolution claims that a carbon tax would negatively affect businesses and force many jobs overseas. The resolution also highlights that a carbon tax would hit the poor, elderly and other people on fixed incomes the hardest. Majority Whip Scalise also said that a carbon tax would threaten America's energy security.

The idea of a carbon tax has been floating around D.C. for years and Majority Whip Scalise wants to have GOP lawmakers on the record as opposing a carbon tax. In 2016, the House approved a similar carbon tax resolution, with all Republicans and six Democrats supporting it. Conservative groups including Americans for Tax Reform, FreedomWorks and Tea Party Nation recently said in a letter that a carbon tax would eliminate many of the benefits of the GOP's new tax law. PMAA firmly opposes the introduction of a carbon tax.

HOUSE SUBCOMMITTEE HOLDS HEARING FOCUSING ON ELECTRIC VEHICLES

On Tuesday, the House Energy and Commerce Subcommittee on Environment held a hearing titled "Sharing the Road: Policy Implications of Electric and Conventional Vehicles in the Years Ahead" that examined policy implications for electric vehicles (EVs) and conventional vehicles in the future. Witnesses included: Mr. Mitch Bainwol, President and CEO, Alliance of Automobile Manufacturers; Mr. Bob Dinneen, President and CEO, Renewable Fuels Association; Ms. Genevieve Cullen, President, Electric Drive Transportation Association; Mr. Frank Macchiarola, Group Director, Downstream and Industry Operations, American Petroleum Institute; Ms. Megan McKernan, Manager, Automotive Engineering, Automobile Club of Southern California, on behalf of AAA; Mr. Dylan K. Remley, Senior Vice President, Global Partners LP, on behalf of the National Association of Convenience Stores and the Society of Independent Gasoline Marketers; and Ms. Geisha Williams, President and CEO, Pacific Gas and Electric Company, on behalf of Edison Electric Institute.

In his opening statement, Environment Subcommittee Chairman John Shimkus (R-IL) stated, "Battery electric vehicles are gaining in market share, and the internal combustion engine has significant competition for the first-time in a long-time." He continued, "As the nation's vehicle mix changes, we may need to rethink past fuel and vehicle policies. For example, the Renewable Fuel Standard was last amended back in 2007 when we assumed that gasoline demand was on a one-way trip higher. We now know that those assumptions were overstated and will be even more so if EVs continue to gain market share. This doesn't necessarily mean the RFS needs to be amended in light of EVs, but Congress should at least look at the matter."

In his testimony, Frank Macchiarola stressed the need for Congress to support America's energy security when examining transportation policies. He stated that Congress should implement "policies that strengthen our energy security, improve our standard of living and protect our environment. In creating transportation policy, Congress should acknowledge that consumers are purchasing vehicles today, and those vehicles are staying on the road longer and going further on a gallon of fuel. New transportation policies that incentivize shifts in consumer behavior should be considered with caution as they may impose undue costs on consumers with diminishing environmental benefits and unintended consequences."

Dylan Remley, representing the National Association of Convenience Stores (NACS) and the Society of Independent Gasoline Marketers Association (SIGMA), spoke about the role of the private marketplace for refueling. In his testimony, Remley stated that members of NACS and SIGMA are "consumer-facing businesses and are constantly adapting to changing consumer demands. Fuel retailers will continue to invest in equipment to support renewable and alternative fuels, whether it is biofuels, compressed natural gas, or electricity, if our customers demand it—and presuming a return on investment is possible. The single greatest concern that many of the Associations' members have with the push to transition to EVs arises from efforts by state public utility companies to enter the alternative fuel recharging space with an unfair market advantage. To be clear, we have no problems with a public utility company entering the electric fuel recharging business provided it is competing for that business on equal footing with the private sector."

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.

MARK YOUR CALENDARS FOR UPCOMING EVENTS

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

WPMA MEMBER SERVICES



Be sure to subscribe to all of our social channels for great tips, industry trends, and insider information about association activities and upcoming events!



Petro Pete: *"I've let everyone down who wrote "Stay Cool" in my high school yearbook."*

© 2018 Western Petroleum Marketers Association - All rights reserved. No part of this work may be reproduced or copied in any form or by any means - graphic, electronic, or mechanical, including photocopying, recording, or otherwise. The information herein is also intended for the sole purpose of members of the Western Petroleum Marketers Association (WPMA). Any other use is strictly prohibited without the express written consent of the WPMA. 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.