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PETROLEUM MARKETERS TAKE ON CAPITOL HILL

Over 300 petroleum marketers attended last week's highly successful PMAA Annual DC Conference and "Day on the Hill." This year's event occurred at a vital time in Washington with important industry changes sought by the Trump Administration and the GOP-controlled Congress.

PMAA marketers obtained many new signatures for the letter that is authored by Senator Jerry Moran (R-KS) that urges EPA Administrator Scott Pruitt to delay the 2015 UST final rule compliance deadline for containment sumps, spill buckets and overfill prevention equipment operability testing until October 13, 2024.

Marketers also focused their meetings on ensuring passage of a technical fix to the tax reform Act. The new tax law contains a provision in Section 168 that provides retailers with the benefit of 100 percent bonus depreciation for qualified improvement property acquired and placed into service after September 27, 2017. However, an error occurred when the final text was drafted that makes retailers ineligible for this benefit. A technical fix is planned, but we must ensure that there is enough support, particularly by moderate Democrats, for passage of the correction language. Definite progress was made in this effort during the meetings that marketers had with their Senators.

Other critical and active issues that were brought up in Hill meetings were reducing the corn ethanol mandate, reinstating the biodiesel blender's tax credit, menu labeling flexibility relief, ADA reform, maintaining funding for the Low-Income Heating Energy Assistance Program (LIHEAP) and thanking past supporters of the National Oilheat Research Alliance (NORA).

PMAA's opening speaker was David Whikehart, Vice President, Environment, Safety and Corporate Affairs for Marathon Petroleum Company LP, who discussed RFS reform and the 95 RON proposal to meet future high compression engine fuel requirements. On Thursday, we heard from the Senate Environment and Public Works Committee Chairman John Barrasso (R-WY), prior to proceeding to Capitol Hill. Senator Barrasso's Committee is particularly important for petroleum marketers as it is the lead in making any changes to the RFS.

On Friday, attendees heard from Rep. Walberg (R-MI), who authored the House letter to EPA Administrator Pruitt seeking a delay to the compliance deadline in the 2015 underground storage tank amendments for containment sumps, spill buckets and overfill prevention equipment operability testing until October 13, 2024. Overall, the DC Conference was a success. PMAA looks forward to seeing everyone at our next Board meeting at the Encore Hotel in Las Vegas, NV on October 6-7 with the NACS Show following the meetings.

PMAA BRINGS MARKETER PERSPECTIVE TO EPA FUEL REGULATION STREAMLINING WORKSHOP

PMAA attended a three-day EPA workshop in Chicago this week focused on streamlining federal fuel regulations. Attendees included refiners, terminal operators, EPA regulators from the Office of Transportation and Air Quality (OTAQ) and auto and engine manufacturers. PMAA was invited by the EPA to represent below the rack wholesale and retail operations. The workshop is part of a comprehensive regulatory overhaul effort to simplify and consolidate federal fuel regulations to ease compliance burdens on parties above the terminal rack. PMAA's mission was to ensure that the simplification and consolidation process did not shift regulatory burdens to downstream wholesalers and retailers. Fuel regulations targeted for streamlining include: gasoline and diesel fuel standards, product transfer documents, dispenser labeling, refinery hardship exemptions, sampling and testing, transmix provisions and fuel sampling and testing. PMAA also raised issues with key EPA regulators important to petroleum marketers including: gasoline fungibility, fuel quality testing above the terminal rack, E15 mislabeling, E15 compatibility issues, the 95 octane proposal and making heating oil and diesel fuel more interchangeable.

One main goal the EPA hopes to achieve is to make Conventional Gasoline (CG) and Reformulated Gasoline (RFG) interchangeable in the wintertime. EPA regulators explained that CG and RFG properties have become much more aligned in recent years. Currently, RVP is the key differentiator between RFG and CG markets. EPA is proposing to set a 7.4 psi per-gallon RVP cap for RFG to go along with existing sulfur and benzene average limits. EPA would consolidate both summer VOC regions (North and South) into one. Conventional gasoline would be allowed in RFG areas during wintertime, if it meets the proposed 7.4 RVP cap. This means there would be no distinction in winter gasoline, which collectively be called RFG to meet Clean Air Act requirements. Also, the EPA intends to rewrite the diesel regulations, mainly to eliminate the obsolete rules around transitioning to ULSD and to make heating oil and diesel fuel more interchangeable than under current regulations.

The EPA has published a proposed rulemaking that will implement many of these changes. PMAA plans to submit comments on behalf of petroleum marketers to ensure the streamlining process will not create new burdens downstream of the terminal rack.

FUELS INSTITUTE HOLDS ANNUAL MEETING IN CHICAGO

The Fuels Institute held its annual meeting in Chicago this week which included over 150 attendees from over 125 companies representing stakeholders from across all sectors of the fuels and vehicles industries. Founded by NACS in 2013, the Fuels Institute is a nonprofit tax-exempt social welfare organization under section 501 (c) (4) of the Internal Revenue Code which is dedicated to evaluating issues affecting the vehicles and fuels market. PMAA is a contributing association partner and participated at the meeting this week. Click [here](http://www.fuelsinstitute.org/about.shtml) (<http://www.fuelsinstitute.org/about.shtml>) for more information.

The first part of the meeting focused on fuels including presentations and panel discussions on fuel octane and internal combustion engine advancements, diesel fuel quality and heavy-duty transport, and fuel infrastructure and biofuels compatibility. PMAA participated in a panel discussion on fuel infrastructure and biofuels compatibility which consisted of representatives from the Renewable Fuels Association, Petroleum Equipment Institute (PEI) and Source North America. Jeff Dzieranowski from Source North America led off the discussion with a comprehensive description of the complexity of a UST and dispensing system with a focus on components that would need to be addressed when evaluating compatibility with greater than E10 ethanol blends. Using a virtual reality program developed by Source North America, he walked the audience through the components of the UST system and discussed the potential impacts on each component from higher ethanol blends. While he addressed components such as the tank and piping, he also noted that other equipment such as submerged pumps, overfill prevention devices, and liquid sensors in containment sumps would also have to be considered when determining compatibility for the higher ethanol blends. He also noted that the majority of existing E15 installations were typically associated with new builds or full site upgrades rather than the addition of E15 to an existing site.

PMAA Environmental Consultant Jim Rocco concurred with Jeff's presentation and noted that adding higher blend ethanol fuels at a retail facility involved more than just compatibility of the UST and dispensing system. He pointed out that ethanol blend fuels such as E15 are new fuels whose introduction at a retail facility can have a significant short-term and long-term economic impact on a site. He noted that the introduction of any new fuel is an economic decision that must consider the potential value and liability associated with the decision to sell the product. In addition to the cost of the upgrade of equipment to meet compatibility requirements, a marketer must consider how the new fuel fits into the product offering at the site and related dispenser configuration, customer demand, labeling to ensure a customer can make an informed decision on the purchase of the fuel, steps to mitigate misfuelling, and compliance with regulatory issues. It was also noted that, as with any investment, the decision to introduce a new fuel must compete with other investment projects at a time when marketers are faced with many other issues requiring capital investment including upgrades to meet the revised UST regulations and to meet the EMV requirements.

The second day focused on mobility related issues with presentations and panel discussions on global and domestic regulations, the future of fuel retailing, and electric vehicles and the mobility evolution. A good portion of these discussions focused on zero emission vehicles (ZEV), electric vehicles (EV), and autonomous vehicles and how they will impact the transportation market into the future. While the consensus was that the market for EV will grow, the rate of growth is unsure. It was generally felt; however, that liquid fuels, including ethanol blends, will continue to be the primary fuel into the foreseeable future. Overall, presenters indicated that social, political, and environmental issues including climate change, decarbonization (e.g., low-carbon fuels), air pollution, car bans (several countries and cities have announced bans on gasoline and diesel power vehicles), biofuels, electrification, fuel economy, and global issues will drive the trends in transportation and fuels. Presentations on the future of fuel retailing suggested that there may be a need for a significant change in how we think about retail station design as EVs and autonomous vehicles become more prevalent in the market. One of the final presentations was an energy outlook presented by Tom Miller of BP. The outlook walks through energy consumption into the future looking at types of fuels, carbon emissions, and other factors. Information on BP's energy outlook can be seen [here](https://www.bp.com/en/global/corporate/energy-economics/energy-outlook.html) (<https://www.bp.com/en/global/corporate/energy-economics/energy-outlook.html>).

EPA, USDA, AND DOE MEET FOR FURTHER NEGOTIATIONS ON RFS DEAL

Yesterday, EPA Deputy Administrator Andrew Wheeler, DOE Deputy Secretary Dan Brouillette and USDA Deputy Secretary Stephen Censky met to discuss potential changes to the Renewable Fuel Standard (RFS) program. The discussions came after a tentative deal was supposedly reached between Senators representing corn and refining states, as well as the Secretary of Agriculture and the Administrator of EPA at a White House meeting earlier this month. However, parts of the deal need to be negotiated further due to disagreements between officials.

Under the tentative agreement reached earlier this month, 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.

INFRASTRUCTURE DEAL UNLIKELY IN 2018

Speaking to reporters on Tuesday, Senate Committee on Commerce, Science and Transportation Chairman John Thune (R-SD) stated that it's "unlikely that anything gets done this year" regarding an infrastructure bill, saying it will "probably be post-election or next year." Congress has been working on aspects of infrastructure legislation like a water bill and a Federal Aviation Administration (FAA) bill, but a larger infrastructure package is not likely to see the light of day this year.

Earlier this month, White House Press Secretary Sarah Huckabee Sanders stated that she isn't sure there will be an infrastructure bill by the end of the year, despite the fact that some lawmakers are pushing for that time frame. While the Trump Administration formally unveiled its infrastructure proposal in February, it was pushed aside by Congress as lawmakers focused on immigration and a massive government spending bill.

Also hurting the chances of an infrastructure package being worked on this year is the fact that there has been much disagreement on both sides of the aisle over how to pay for it. Democrats would like to see new dedicated revenue streams, while many Republicans are hesitant to generate any new funding from taxes or to add to the deficit.

EFFORTS TO LEGISLATIVELY REPEAL WOTUS

The Trump Administration is already in the process of repealing the 2015 rule that defines which streams and wetlands are protected under the Clean Water Act, but many legal experts say that effort will be vulnerable to court challenges. Because of the vulnerability, legislative efforts are being made to insulate it from such challenges.

Two attempts were made last week. The first is an amendment from Rep. Jim Banks (R-IN) that passed (238-173) on the House Floor as part of the Farm Bill (H.R. 2). The amendment would repeal the Obama Administration's Waters of the U.S. (WOTUS) rule. Unfortunately, although the amendment passed, the Farm Bill did not.

The second attempt was passed (29-20) by the House Appropriations Committee last week. The FY 2019 appropriations bill for the DOE, U.S. Army Corps of Engineers, and other agencies, contains a provision that would repeal the Obama Administration's WOTUS rule.

Such attempts have passed the House in the past, but the repeal language has never had the votes in the Senate.

PETROLEUM INDUSTRY HIGHLIGHTS PREPAREDNESS FOR UPCOMING HURRICANE SEASON

On Tuesday, PMAA along with API, AFPM, and NOIA highlighted the steps that the petroleum industry is taking to prepare its operations for the upcoming hurricane season and shared lessons learned and examples of the industry's resilience from past hurricane seasons.

PMAA's Sherri Stone explained that "Marketers work to keep all of their clients, including gas stations, convenience stores, truck stops and marinas fully supplied with fuel. Following a disaster, marketers re-supply their clients as quickly as is possible. Marketers often take these services even further by helping to rebuild supply when there are declared emergencies in other parts of the country. The marketers who do this provide an invaluable service for their country, and we have put together a Disaster Fuel Response Program to connect companies looking for fuel during and following a disaster, with PMAA State Association motor and heating fuels marketers who wish to provide the service. Use of this Program information will be a first as we completed the program following Hurricanes Harvey, Irma and Maria as well as the recent winter cold snap."

Suzanne Lemieux, API Midstream and Industry Operations Manager, noted that "To prepare and respond to weather events, API works with federal, state, and local first responders and government officials to help promote safety and restore normal operations following a storm. Our industry has developed innovations, technology and knowledge from past big-weather events that has better prepared the industry to withstand future storms.

Jeff Gunnulfsen, American Fuel and Petrochemical Manufacturers Director of Security and Risk Management, reported that, "The refining and petrochemical industries practice emergency response, every day, 365 days a year. No two storms or emergencies are alike, and our industries prepare vigorously and consistently for all types of disruptions. Preparation is the first step in managing major events, and by working diligently with industry partners, we're able to minimize the impacts of unpredictable events."

Finally, Tim Charters, National Ocean Industries Association Senior Director of Governmental and Political Affairs noted that, "America has placed the vast majority of our offshore energy eggs in one basket – the hurricane-prone Gulf of Mexico. Simply put, we dodged an energy security bullet during the 2017 hurricane season. By geographically concentrating our nation's offshore energy production, the U.S. is rolling the dice when it comes to natural disasters. This is why we must ensure the continued development and production of our nation's offshore energy resources from both inside of and outside of the Gulf of Mexico."

NO SIGNATURE RULE CHANGES ANNOUNCED BY ALL BRANDS

Mastercard, Discover, American Express, and Visa announced that their rules would be updated to allow merchants the option to choose whether to collect a cardholder's signature for all card-present point of sale transactions.

Effective with this change, merchants will not be liable for applicable chargebacks as a result of not capturing a signature for card-present transactions. Eliminating the requirement for signature collection provides merchants the option to discontinue collecting signatures for applicable transactions or to set thresholds for signature collection at their discretion.

Specific details by brand and region are outlined in the document [here](https://www.pmaa.org/weeklyreview/attachments/Worldpay_052518.pdf) (https://www.pmaa.org/weeklyreview/attachments/Worldpay_052518.pdf) that better describes no signature requirements. It is something that can be easily laminated and shared with each merchant location.

Should you have any questions, please reach out to your designated Worldpay Account Manager or PMAA's Worldpay Executive Client Manager, [Glenda Preen](#) at 972.325.1801

PLAN TO ATTEND THE 2019 WPMAEXPO

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

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

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

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Petro Pete: "Being a hypochondriac is going to save my life one of these days."

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CLASSIFIED ADS

Delta Western President Opening: Strategic thinker with a start-up mind-set. Demonstrated financial and analytical skills are a must. Superior talent management and team building skills are critical with a track record of collaboration, building successful teams, growing organizations, open and transparent communications, business origination, and customer engagement. The candidate must be of impeccable character and integrity with an outstanding reputation and a sustained network of energy sector and commercial business relationships in Alaska. He/she must travel frequently throughout Alaska and pro-actively interact and communicate with a diverse customer, employee, and supplier network.

The successful candidate **must** reside in Anchorage, Alaska. This position is available immediately. An attractive compensation package commensurate with the responsibility and significance of this position will be offered to the successful candidate.

Please submit a letter of interest and resume in Word or PDF format referencing **DWP PRESIDENT** to:

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