

June 9, 2023

Visit us online at wpma.com

WP-06-09-23



- Washington Ecology has posted the <u>Auction Summary</u> <u>Report</u> for the second auction to the <u>CCA Auctions and</u> <u>Trading</u> webpage.
- Washington APCR Auction triggered and slated for August 9.

### WASHINGTON'S SECOND CAP-AND-INVEST AUCTION WAS SUCCESSFULLY HELD ON MAY 31.

Funds from the auction will support investment in clean energy and help Washington communities prepare for and respond to the effects of climate change.

This auction included allowances from both the 2023 (current vintage) and 2026 (future vintage) allowance budgets. During the three-hour bidding window, all of the nearly 8.6 million 2023 allowances sold at a settlement price of \$56.01, and all 2.45 million 2026 allowances sold at a price of \$31.12. This information – along with information about market security and qualified participants – was posted to the Ecology website in an Auction Summary Report, June 7, at noon PST.

At noon on June 28, Ecology will release an Auction Public Proceeds Report confirming the amount of revenue raised in the second auction.

### **APCR AUCTION TRIGGERED**

Because the auction settlement price was above \$51.90 (the trigger price for 2023), an auction of allowances from the Allowance Price Containment Reserve (APCR) will be held on Aug. 9.

More information about this auction, including the total number of APCR allowances that will be available for purchase, will be published to the Ecology website in an APCR Auction Notice on June 9.

The issuance of this formal notice will open the APCR auction application window, which will close exactly 30 days prior to the auction date. For more information about how to apply to participate in auctions, visit our Auctions Trainings and Resources page.

### WHAT IS THE APCR?

The Allowance Price Containment Reserve (APCR) is a separate pool of allowances that can be released into the market when increased demand at a quarterly auction pushes prices above a certain level (called the 'trigger price'). This mechanism is designed to ensure businesses can obtain the allowances they need at sustainable, pre-determined prices.

Because APCR allowances are taken from regular annual allowance budgets, they are still 'under the cap' – meaning the APCR can provide cost-containment for businesses while still keeping Washington on track to meet the statutory emission reduction requirements.

APCR auctions are only open to businesses that are required to obtain allowances to cover their emissions under the program. They are not open to investors or other entities without a compliance obligation.

APCR allowances are just one way businesses can cover their emissions and may not be needed by all entities. Certain sectors are provided allowances at no cost, but all entities can purchase allowances at quarterly auctions or from other market participants. Covered businesses do not need to turn in any

allowances until Nov. 2024 — and then only 30% of 2023 emissions are due. In fact, the majority (70%) of allowances for the first compliance period (2023-2026) are not due until Nov. 2027— nearly 4.5 years from now.

### **REACH OUT WITH QUESTIONS**

Please reach out to the auctions team at RegistrarCCA@ecy.wa.gov with any questions about CITSS registration or applying to participate in the APCR auction.

For questions about emissions reporting, please contact GHGReporting@ecy.wa.gov.

For all other inquiries, please contact Claire Boyte-White at the contact information below. Claire Boyte-White Cap-and-Invest Policy Relations Claire.Boyte-White@ecy.wa.gov 360-764-6124

The following information provided by: **EMA-Energy Marketers of America** 



### ENERGY MARKETERS OF AMERICA CHALLENGES EPA WAIVER TO ELIMINATE DIESEL TRUCKS IN CALIFORNIA

On Monday, the Energy Marketers of America (EMA) asked the federal appeals court in Washington, D.C. to review the Environmental Protection Agency's (EPA) April 2023 Clean Air Act waiver to California for its "Advanced Clean Fleets" (ACT) rule that phases in zero-emission trucks in the State, beginning in 2024. The rule requires that 100 percent of manufacturers' sales be zero-emission trucks by 2036. The Biden Administration expects the ACT rule to serve as a model for other states, including 14 states and the District of Columbia, that signed a 2013 Memorandum of Understanding (MOU) with California to cooperate on zero-emission vehicle rules.

"California's rhetoric that effectively would eliminate diesel fuel in the State does not match the ACT's unrealistic deadlines and significant technology and infrastructure issues," said EMA President Rob Underwood. "Energy marketers' customers and consumers in California and states that follow suit will undoubtedly see disruptions, along with higher prices and fewer options for obtaining fuel."

EMA joins the American Fuel & Petrochemical Manufacturers, 19 States (Alabama, Alaska, Arkansas, Georgia, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Montana, Nebraska, North Dakota, Ohio, Oklahoma, South Carolina, Utah and West Virginia), and other groups in opposing the EPA rule.

A key issue in the challenge to EPA's waiver is the agency's determination under the Clean Air Act that California needs separate ACT standards "to meet compelling and extraordinary [air quality] conditions" in the State. Whether California can blaze its own trail on combatting climate change also implicates the "major questions doctrine," which holds that courts should not defer to agencies on questions of "vast economic or political significance" unless Congress has provided explicit authority to the agencies. The appeals court will be asked to decide whether Congress authorized California in the Clean Air Act to regulate vehicle emissions to target a phenomenon like climate change which has a global cause and effect.

"EMA cannot read any clear language in the Clean Air Act that permits EPA to delegate one state — California — the authority to address climate change in ways that clearly would upend the country's energy and transportation sectors," added Underwood.

### BIPARTISAN/BICAMERAL LEGISLATION INTRODUCED TO BRING COMPETITION TO CREDIT CARD ROUTING

On Wednesday, Senators Richard Durbin (D-IL), Roger Marshall (R-KS), Peter Welch (D-VT) and J.D. Vance (R-OH) and Representatives Lance Gooden (R-TX), Zoe Lofgren (D-CA), Tom Tiffany (R-WI) and Jeff Van Drew (R-NJ) introduced the bipartisan The Credit Card Competition Act of 2023 (S.1838; H.R. 3881). The legislation, which was introduced in the U.S. House and Senate, would simply require that credit cards issued by the largest U.S. banks have at least two unaffiliated card payment networks available to process transactions. Nearly a decade ago, Congress opened the debit card market to competition, and businesses and consumers have all benefited. But today, retailers have limited choice of network when it comes to credit card transactions. While there are nearly a dozen independent networks equipped to route transactions, credit cards only have one network enabled on a card and lack any back up options if there is an outage. This results in higher costs for the consumer, less security, and less innovation. Swipe fees remain the second highest operating cost (following payroll) for convenience stores which costs the industry \$161 billion annually.

"EMA applauds the lead House and Senate sponsors for introducing important legislation that will reduce swipe fees for small family-owned and operated businesses across the country. The fuel retail industry is one of the most competitive industries in America, where retailers post their prices on large signs where a one-penny difference can determine where customers choose to fill up. If this legislation becomes law, the competitive retail fuels marketplace will pass along savings from the Credit Card Competition Act to their customers." said EMA president Rob Underwood.

EMA is a member of the Merchants Payments Coalition (MPC), which represents retailers, supermarkets, restaurants, drug stores, convenience stores, gas stations, online merchants, and other businesses focused on reforming the U.S. payments system to make it more transparent and competitive. MPC firmly believes in opening the payments market and introducing competition, which in turn would lower costs and drive innovation.

This legislation was a top priority for EMA members during our DC conference "Day on the Hill", May 11.

### CLICK HERE TO URGE LAWMAKERS TO COSPONSOR S. 1838/H.R 3881

## EMA REQUESTS EXTENSION TO COMMENT PERIOD ON EPA PLANS TO ELIMINATE OIL FIRED HEATING APPLIANCES FROM THE ENERGY STAR PROGRAM

EMA has requested an extension of the comment period for EPA's controversial proposal to eliminate residential liquid fuel furnaces and boilers from the ENERGY STAR rating program. The EPA notice said the agency will not accept new gas and liquid fuel entries into the Energy Star program after December 31, 2024. The phaseout would leave only residential electric heating and cooling appliances with the coveted Energy Star rating that consumers rely on to make informed purchasing decisions. EMA opposes the short-term phaseout of residential liquid fired furnaces and boilers from the Energy Star Program because it eliminates consumer choice and significantly advances the move to electrification of residential heating appliances.

The ENERGY STAR program is administered by the U.S. Environmental Protection Agency (EPA). ENERGY STAR is a voluntary labeling program where the EPA sets energy efficiency specifications for appliances. Manufacturers that meet EPA's efficiency standards are eligible to display the ENERGY STAR logo on their appliances. In turn, consumers and businesses who want to save energy and money can look for the ENERGY STAR label when making buying decisions. The EPA notice provides stakeholders with only 30 days to comment on the elimination of liquid fuel heating appliances. The comment period extension request would add 60 days to the comment period providing time for the numerous industry stakeholders to weigh in on the phaseout. EMA is part of an industry wide coalition working together to oppose the EPA's phaseout plan using both regulatory and Congressional resources.

#### **INSIDE THE BELTWAY UPDATE**

Before this week, much of DC had been in paralysis as the President and Speaker McCarthy worked out a debt limit agreement to avert default. Last week, Congress passed, and the President signed, a bill to do that. But now, Congress has been tossed into the proverbial deep end as it begins to dig through the rest of its legislative backlog, which includes appropriations, the National Defense Authorization Act (NDAA), and Federal Aviation Administration (FAA) and Farm Bill reauthorizations. That's quite a tall order in a normal Congress. But this is not a normal Congress. While Speaker McCarthy made it through the debt limit negotiations without being ousted, a handful of hard right Freedom Caucus members—in an effort to inflict pain on the Speaker – have effectively held the House hostage for the last few days because Speaker McCarthy made a deal with the President and the bill passed because of Democratic support. These dynamics will make it difficult for Congress to continue to run smoothly.

Nevertheless, members continued governing, with Senators Dick Durbin (D-IL), Roger Marshall (R-KS), Peter Welch (D-VT) and J.D. Vance (R-OH) and Representatives Lance Gooden (R-TX), Zoe Lofgren (D-CA), Tom Tiffany (R-WI) and Jeff Van Drew (R-NJ) introducing the Credit Card Competition Act of 2023. If enacted, legislation would require credit cards issued by the largest U.S. banks to have at least two unaffiliated card payment networks available to process transactions. This would bring them in line with the standards adhered to by debit card issuers and would spur competition in the swipe fee space which, in turn, would lead to reduced prices for swipe fees as companies vie for this lucrative business. After Congress enacted debit card competition in 2010, the average per-transaction interchange fee was reduced by 52 percent. The legislation has strong support in both chambers.

The Senate also voted to confirm David Crane to serve as Undersecretary for Infrastructure at the Department of Energy (DOE). He will oversee several programs at DOE, including clean energy, grid deployment, manufacturing, supply chains, and the loan programs office. While his nomination was approved with bipartisan support, Minority Leader Mitch McConnell (R-KY) called this bad news for "any American who enjoys making their own choices about which cars to drive, which products to consume, and how to earn a living."

Across town, the Environmental Protection Agency (EPA) announced it would remove the EV component (eRins) that would have incorporated electric vehicles into the U.S. Renewable Fuel Standards (RFS) biofuel blending program. This comes after much pressure from industry, including EMA. The EPA is expected to release a final rule later this month, but it will not include this controversial proposal. The rule is expected to include changes from 2023-2025. While that is a win, EMA has also joined several trade groups in suing the EPA over its waiver to California allowing it to set emissions standards for Heavy Duty Trucks. The suit, which was filed Monday, argues that California should not be able to set stricter rules than other states, and that the EPA overstepped in allowing them to do so.

Finally, in addition to EMA's citizen petition sent to the Food and Drug Administration (FDA) last week, EMA joined NACS, the National Grocers Association, Food Industry Association, NATSO, and SIGMA in sending a <u>letter</u> to the FDA and the Center for Tobacco Products (CTP) asking FDA to provide the list. Specifically, "It has been eighteen months since this request and the Agency has received millions of applications and made decisions on 99 percent of them to-date, yet the only list publicly available is the names of the manufacturers and not the names of the products themselves. This is not an adequate list for our retail members who strive to comply with the law and need to know which products specifically are legal to market and which products are not."

### EMA'S FALL MEETING AT THE NACS SHOW 2023: OCTOBER 2-3 MAKE YOUR HOTEL RESERVATIONS!

Sheraton Hotel has Rebranded to Courtland Grand Hotel Effective June 7!

EMA will hold its Fall Meeting in conjunction with the NACS Show on October 2-3 at the **newly branded Courtland Grand Hotel**. The EMA meeting will begin with a New Attendee Orientation mid-afternoon on October 2 followed by the Federal Legislative Update. NACS/EMA Reception Salute to State Association Executives (all EMA members are welcome) will follow at Georgia World Congress Center Hunter Club Lounge. On the morning of October 3, there will be a Buffet Breakfast followed by Region and Committee Meetings. The EMA Board of Directors meeting is scheduled after the Distinguished Service Award Luncheon honoring Arkansas Marketer Steve Turner exclusively sponsored by EMA Board of Directors Council Partner Federated Insurance.

You can find all available details, including EMA's Fall Meeting Conference Schedule (October 2-3), EMA Housing link and NACS Show registration for EMA Members by **CLICKING HERE.** 

Registration has been open for the 2023 NACS Show in Atlanta October 3-6! Early Bird rate closes TODAY! Please see the next article.

### SPECIAL EMA MEMBERS CODE FOR NACS SHOW 2023 REGISTRATION

Registration is now open for the 2023 NACS Show in Atlanta, Georgia from October 3-6.

CLICK HERE to register for the NACS Show and PLEASE USE THE EMA NACS SHOW REGISTRATION CODE BELOW.

### **EMA Registration Code**

**EMANS2023** 

Using this code provides EMA with \$100 for every retailer or jobber paid registration. And to assist with early registrations, this special code will extend the Early Bird rate until June 9, 2023, for anyone who uses the code as well as providing the \$100 for anyone registering at any rate after the Early Bird rate expires. EMA encourages EMA state exects to promote and share with your state association's member companies. \*\*Please note that EMA State Execs are comped for NACS Show registration, and this link will be sent directly to them in the near future. Additionally, the NACS Show registration is separate from EMA's Fall Meeting registration. Again, the EMA NACS Show Registration Code is: EMANS2023 and CLICK HERE for Full Instructions to register.

Questions registering? Contact NACS Show registration customer service at <a href="macs@maritz.com">nacs@maritz.com</a> or 469-513-9489, Monday-Friday, 9:00 a.m. – 5:00 p.m. EST, for assistance.

### **WEEKEND READS**

U.S. refiners fear a California planned ban on gasoline, diesel vehicles to start in 2035 may spread to 20 states | Reuters

White House focused on oil prices after OPEC+ move, official says | Reuters

US senators push study on goods' carbon-intensity | Argus Media

EPA again oversteps in its goal to turn American cars electric | Washington Times



### FEDERATED 21/2 -DAY RISK MANAGEMENT ACADEMY SESSION

#### Learn About Reducing Risk at Your Petroleum Marketers Business: August 22-24

Risk, in its many forms, is an ever-present part of our lives. When it comes to your business, you know that mitigating risk is an important factor in keeping your employees safe, your claims costs low, and your business standing strong. Federated Insurance® has the resources to help and would like to offer you an exclusive invitation to our complimentary 2 ½-Day Risk Management AcademySM (RMA) session for petroleum marketers.

This informative session will be held on August 22-24, 2023. It will be hosted by Federated Insurance in Owatonna, Minnesota. Business owners are encouraged to attend — this session will equip you and a representative from your organization with industry-specific tools and knowledge designed to help prevent losses and protect profits. During the session, you will:

- Address losses impacting your industry
- Connect with industry peers facing similar challenges
- Apply risk management best practices at your business

The registration deadline is Friday, July 21, 2023. There is no charge to attend this valuable seminar. Attendees are responsible only for air and/or ground transportation to and from the seminar location, lodging, and incidental meals. Class size is limited to 40 people.

You can learn more by viewing a brief <u>video</u> about the Risk Management Academy. To reserve your spot in the upcoming session, or for more information, please contact <u>FederatedRMA@fedins.com</u> or <u>register online</u>.

# FREE WEBINAR: The ABCs of ATGs Held June 14



Back by popular demand! You don't want to miss this. Everything you needed to know about automatic tank gauges but were afraid to ask.

Class A/B UST operators, as well as UST inspectors, are encouraged to attend this lively and down-to-earth (ABCs) webinar about automatic tank gauges (ATGs).

Ben Thomas, President of UST Training will share his many years of experience explaining how ATG's first started, as well as their purpose, functions, and applicability. From the 30,000 foot view all the way down to the programming level, there's something here for everyone interested in automatic tank gauges. Improve your understanding in one hour, or less, guaranteed!

Wednesday, June 14, 2023, 10:00 - 11:00 AM Pacific Time

### **REGISTER HERE**

Participation is limited to the first 500. We had over 500 sign up for the last webinar, so sign up now.

### PLEASE NOTE UPCOMING DATES FOR WPMA EVENTS

June 19-21, 2023 – WIED Washington Convention – Suncadia Lodge, Cle Elum, WA June 22, 2023 - UPMRA Utah Summer Golf Classic - Davis Park Golf Course - Fruit Heights, UT July 16-18, 2023 – OFA Oregon Conference – Sunriver Resort – Sunriver, OR August 2-4, 2023 – IPM&CSA Idaho Convention – Sun Valley Resort – Sun Valley, ID August 21-23, 2023 - NMPMA New Mexico Convention - Sandia Resort - Albuquerque, NM October 25-27, 2023 - UPMRA Utah Convention - Hilton Garden Inn - St. George, UT

Petro Pete: People who take care of chickens are literally chicken tenders.

© 2023 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: <a href="mailto:kimw@wpma.com">kimw@wpma.com</a> Thanks.