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CONGRESS REQUIRES RULEMAKING ON PLACARDING

On Wednesday, the House approved legislation to provide a four-year reauthorization of the Department of Transportation's (DOT) pipeline safety program. H.R. 4937 (which passed as S.2276), the "Protecting our Infrastructure of Pipelines and Enhancing Safety (PIPES) Act of 2016," included language of particular importance to PMAA.

The language would require the U.S. DOT's Pipeline and Hazardous Materials Safety Administration (PHMSA) to open a rulemaking addressing regulations that allow placarding to the lowest flash point for mixed loads of gasoline, diesel fuel and mid-level ethanol blends. PMAA believes that House language is broad enough for PHMSA to also consider PMAA's request to restore the ability to placard to the lowest flashpoint for both straight and mixed loads of gasoline and diesel fuel.

PMAA's interest in having a rulemaking arose with the issuance of a June 2015 Interpretative Guidance on placarding on cargo tank trucks. The guidance put an end to placarding to the lowest flash point for alternating straight loads of diesel fuel and gasoline. Marketers may still ship diesel fuel, gasoline and heating fuel in different compartments of the same cargo tank vehicle under a gasoline placard, but may no longer do the same for alternating straight loads of gasoline and diesel fuel.

Some states have already begun enforcing the Interpretative Guidance and it is only a matter of time before all states do so. PMAA is working to fix the problem before other states begin to enforce the placarding change. The penalty for a violation is \$2,500. Under the rulemaking process, PMAA will seek a fix so that drivers will be able to resume placarding only to the lowest flashpoint for straight loads of gasoline and diesel. Otherwise the industry will incur an \$84 million cost the first year and \$80 million every year thereafter (\$3,450 per cargo tank truck, per year) in material and primarily labor costs.

PMAA has worked with the Department of Transportation (DOT) since the Interpretative Guidance was released in June 2015, and began working with Congress once it was clear that DOT was not going to issue a rulemaking without a mandate to do so from Congress. The Senate is expected to pass the final negotiated bill in the next two weeks.

PMAA SUBMITS TESTIMONY AT EPA RFS HEARING

Yesterday, PMAA submitted testimony at an EPA public hearing in Kansas City, Missouri regarding the proposed 2017 RFS volume of 14.8 billion corn ethanol gallons. PMAA specifically highlighted a petroleum marketer, Matt Bjornson, a third generation partner in a North Dakota based family owned petroleum marketing business, Bjornson Oil Company, and former Chairman of PMAA, who told his personal story about how he invested in UST system infrastructure to sell E10 plus blends and its dismal return on investment.

Overall, PMAA was pleased to see EPA exercising its statutory authority to adjust the renewable volumetric blending targets originally set by Congress, but urged the EPA to lower the 2017 proposed volume to 13.5 billion which still maintains ethanol in our nation's fuel supply, but it also will allow marketers to continue to sell E0 because motorists prefer it. According to PMAA President Rob Underwood, "I believe we have a unique story to tell since we are the face of the retail industry that essentially will determine whether higher ethanol blends hit the marketplace. And right now.... E15 has a long way to go before it can be sold legally and safely to motorists."

Key points in PMAA's testimony:

- The vast majority of the nation's retail outlets, 95 percent of which are owned by independent petroleum marketing businesses, cannot legally store and dispense blends of gasoline over 10 percent ethanol. Existing equipment is certified for a maximum E10 blend and no more. Currently, there is no viable way for UST system operators to demonstrate that existing equipment is compatible with gasoline blends over E10.
- It's important to note that a retail location built today will not be compatible to dispense higher blends unless it is specifically built to be compatible. Bjornson Oil Company recently built a new travel plaza and asked for two bids on fuels infrastructure, one legal for everything up to E10 and one legal for anything up to E85. The investment was made in the fully legal for higher blends infrastructure to the tune of an additional \$178,260. The return on that very large infrastructure investment has been dismal, averaging only 92 gallons a day of gasoline blends over E10, just 1.5 percent of total gasoline gallons sold each day.

Click [here](http://www.pmaa.org/weeklyreview/attachments/EPA_RFS_Hearing_June2016.pdf) (http://www.pmaa.org/weeklyreview/attachments/EPA_RFS_Hearing_June2016.pdf) to read the testimony.

HENSARLING AIMS TO REPEAL DURBIN AMENDMENT

Republicans have long expressed opposition to the Dodd-Frank Wall Street Reform and Consumer Protection Act that was signed into law in 2010. This week, Rep. Jeb Hensarling (R-TX), chairman of the House Financial Services Committee, announced his draft bill to provide a Republican alternative to Dodd-Frank known as the Financial CHOICE Act.

Included in Dodd-Frank is the Durbin Amendment that provided some consumer relief by capping debit interchange fees at 21 cents per transaction and 0.05 percent of the transaction plus an extra penny for card issuers for fraud prevention. Under the Financial CHOICE Act, the Durbin Amendment would be repealed, ultimately harming consumers and marketers because it will halt swipe fee reform and lead to higher interchange costs. Swipe fees are the second largest cost for retailers.

PMAA strongly opposes this attempt to repeal the Durbin Amendment and will continue to support efforts to bring transparency and competition to the credit card interchange fee marketplace.

BILL TO DELAY OZONE STANDARD PASSES HOUSE

On Wednesday, H.R. 4775, known as the "Ozone Standards Implementation Act of 2016," was passed mostly among party lines in a [234-177 vote](#). The legislation would extend state deadlines to submit implementation plans for the new ozone standard of 70 parts per billion until 2026 and also extend the statutory review cycle for all of the National Ambient Air Quality Standards from five years to ten years. Additionally, it would order EPA's Clean Air Scientific Advisory Committee to provide advice to EPA on new standards' "adverse public health, welfare, social, economic or energy effects," among other changes. Click [here](http://www.pmaa.org/weeklyreview/attachments/OZONE%20STANDARDS060316.pdf) (<http://www.pmaa.org/weeklyreview/attachments/OZONE%20STANDARDS060316.pdf>) for a detailed analysis of the final rule and how it might impact petroleum marketers. PMAA recently joined over 200 associations, companies and state groups in a [letter](#) of support for this bill that will be very beneficial for cities struggling to reach attainment status.

The bill was introduced by Energy and Power Subcommittee Vice Chairman Pete Olson (R-TX), Rep. Bill Flores (R-TX), House Majority Leader Kevin McCarthy (R-CA), House Majority Whip Steve Scalise (R-LA), Rep. Bob Latta (R-OH), and Rep. Henry Cuellar (D-TX). Recently companion legislation was introduced by Senators Shelley Moore Capito (R-WV) and Jeff Flake (R-AZ), though the Senate Environment and Public Works Committee has yet to schedule a hearing on the legislation. The Obama Administration has already issued a veto threat.

2017 WPMAEXPO - LAS VEGAS, NEVADA



Mark your calendars for February 21-23, 2017. Make plans now to attend the 2017 WPMAEXPO. It will be held once again at the Mirage in Las Vegas, Nevada.

MARK YOUR CALENDARS FOR UPCOMING EVENTS

June 20-23, 2016 - Washington (WOMA) Convention - Suncadia Resort - Cle Elum, Washington
June 23, 2016 - Utah (UPMRA) Summer Golf Classic - Mountain Dell Golf Course, Salt Lake City, Utah
June 29, 2016 - Idaho (IPM&CSA) Magic Valley PAC Golf Outing - Blue Lakes Country Club, Twin Falls, Idaho
August 3, 2016 - Idaho (IPM&CSA) Circling Raven GC PAC Golf Outing - Coeur d'Alene, Idaho
August 3 - 5, 2016 - Idaho (IPM&CSA) Convention - Coeur d'Alene Resort - Coeur d'Alene, Idaho
August 22-24, 2016 - New Mexico (NMPMA) Convention - Sandia Resort & Casino - Albuquerque, New Mexico
August 26, 2016 - Hawaii (HPMA) Golf Tournament - Honolulu Country Club - Honolulu, Hawaii
September 8, 2016 - Idaho (IPM&CSA) Teton Valley PAC Golf Outing - Huntsman Springs GC, Driggs, Idaho
September 14-16, 2016 - Utah (UPMRA) Convention - DoubleTree Hotel by Hilton - Park City, Utah
February 21 - 23, 2017 - WPMA Convention & Expo - Mirage Hotel, Las Vegas, Nevada
June 18-22, 2017 - Washington (WOMA) Convention - Suncadia Resort - Cle Elum, Washington
August 2-4, 2017 - Idaho (IPM&CSA) Convention - Sun Valley Resort, Sun Valley, Idaho
June 17-21, 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

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Petro Pete: “You have my attention but it’s already planning its escape.”

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