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### **HOUSE ENERGY SUBCOMMITTEE EXAMINES RFS**

The House Energy and Commerce Committee Subcommittee on Energy and Power held its first hearing since the release of its anticipated [RFS White Paper series](#). Testifying before the Subcommittee were: EIA Administrator Adam Sieminski; EPA's Office of Transportation and Air Quality Director Christopher Grundler and Department of Agriculture Chief Economist Joseph Glauber.

Mr. Grundler indicated to the subcommittee that the RFS blend wall won't be breached until 2014 when the amount of ethanol exceeds levels above E10. He cited the excess RINs capacity available in the marketplace for obligated parties to meet the 2013 RFS blending volume mandates. Many subcommittee members took to the podium to express concern the RFS including Reps. Joe Barton (R-TX) and Mike Pompeo (R-KS) who said the RFS is clearly unworkable and should be repealed. Rep. Morgan Griffith (R-VA) highlighted many retailers' RFS concerns when he asked Mr. Grundler whether the EPA would hold retailers liable if a retailer offered E15 and had it properly labeled in accordance with EPA guidelines and yet a motorist dispensed the fuel in a pre-2001 vehicle. Under EPA's E15 approval, only 2001 and newer vehicles are able to use E15. Mr. Grundler said he would consult with EPA's attorneys to get something in writing to satisfy the Congressman's concerns.

Meanwhile, EIA Administrator Sieminski said that ethanol faces serious distribution challenges and consumer acceptance. He later indicated that eliminating the corn-based ethanol mandate wouldn't significantly alter industry demand for the product. On the other hand, he said advanced biofuels production would suffer if the RFS is repealed because production of the fuels hasn't met projections. Earlier this week, the Obama Administration said that it continues to support the RFS, although, it has the authority to lower the corn-based ethanol mandate if it causes economic harm.

House E&C Chairman Fred Upton (R-MI) and Ranking Member Henry Waxman (D-CA) have been considering potential revisions to the RFS and plan to release their fifth and final white paper by the end of next week. PMAA has commented on two of the four white papers related to [underground storage tank \(UST\) compatibility – misfueling](#) (<http://www.pmaa.org/news/attachments/WhitePaperSeries-RenewableFuelStandard.pdf>) concerns and [general energy policy](#) (<http://www.pmaa.org/weeklyreview/attachments/WhitePaperSeriesonRenewableFuelsStandard4.pdf>).

### **HOUSE EXPECTED TO PASS BILL TO EXPAND OIL DRILLING**

Today, the House is expected to pass the "Offshore Energy and Jobs Act (H.R. 2231) introduced by House Natural Resources Committee Chairman Doc Hastings (R-WA). The legislation will expand offshore oil by directing the Secretary of the Interior to implement a five-year oil and gas leasing program off the Atlantic and Pacific coasts, including areas off California, South Carolina and Virginia. An amendment by Rep. Bill Cassidy (R-LA) was also adopted to the legislation which would increase the offshore oil drilling revenue sharing plan with coastal states beginning in 2017 from \$750,000 to one billion dollars. The coastal state revenue sharing proposal closely mirrors bipartisan legislation introduced by Sen. Mary Landrieu (D-LA) and Lisa Murkowski (R-AK) earlier this year. Furthermore, the bill will create an undersecretary position subject to Senate confirmation to oversee all onshore and offshore energy production.

Senate Energy and Natural Resources Committee Chairman Ron Wyden (D-OR) has indicated he's open to the idea of coastal states receiving a piece of the revenues. However, the legislation faces an uphill battle with Senate liberals who are opposed to any type of expanded oil and gas drilling as well as Senators who would rather have the revenue collected from federal resources to go to the U.S. Treasury – not individual states.

The President has issued a veto threat on H.R. 2231.

### **BULK LUBES IDENTIFICATION**

The American Petroleum Institute (API) is continuing to work with motor oil distributors as part of its Motor Oil Matters (MOM) campaign. Created to bring together everyone involved in the bulk motor oil chain of custody, including motor oil marketers, distributors, oil change locations and consumers, MOM is designed to ensure that drivers get the right motor oil for their cars and trucks - every time.

API has been licensing motor oils meeting API performance standards and sampling and testing them in the marketplace for many years, but monitoring the quality of motor oils sold in bulk has been a challenge. API developed MOM to complement API's current oil quality monitoring program and to provide greater assurance that the industry markets, delivers, and installs high-quality motor oils. This will be accomplished by maintaining a secure chain-of-custody for bulk motor oil from the marketer all the way to the vehicle. The API/ MOM requirements are very similar to practices recommended in NCWM/NIST Handbook 130.

Last year, API published the industry's first standard for establishing motor oil chain of custody, outlining basic procedures to ensure that distributors are able to confidently identify the oil that they deliver to oil change locations and these locations in turn are able to identify the oil they pour into customers' vehicles.

To learn more, please visit [www.MotorOilMatters.org](http://www.MotorOilMatters.org).

### **OBAMA SEEKS NEW LIMITS ON CARBON EMISSIONS**

On Tuesday President Obama announced a plan that would impose limits on CO2 emissions from all power plants generating electricity using fossil fuels. In fact, Obama would like for the U.S. to lead international efforts to address global climate change, including committing to expand major new and existing international initiatives, including bilateral initiatives with China, India, and other countries.

His initiative also includes eight billion dollars in loan guarantee authority available for advanced fossil energy and efficiency projects, and directs the Department of Interior (DOI) to permit more wind and solar on public lands by 2020 to power more than six million homes; and sets a new goal to install 100 megawatts of renewables on federally assisted housing by 2020. Further, he commits to partnering with industry and stakeholders to develop fuel economy standards for heavy-duty vehicles, and to encourage the adoption of heavy duty natural gas vehicles. The President seeks to pursue a global effort to phase out levels of hydrofluorocarbons and to develop a comprehensive methane strategy. President Obama also plans to direct agencies to fully embrace natural gas as a "bridge" to zero-carbon fuels and to encourage the development of a global market for gas.

The President said that he will not approve the Keystone XL pipeline if building it would generate more greenhouse gas emissions than not constructing it. In regards to CO2, existing reports demonstrate the pipeline is far superior to transporting oil sands than by truck and rail.

What was not in the President's plan is mention of any new CO2 regulations on petroleum refineries.

### **U.S. SUPREME COURT REFUSES TO HEAR SUIT CHALLENGING E-15 WAIVER**

The U.S. Supreme Court announced its decision today to not consider a petition filed by the American Petroleum Institute (API) challenging the EPA's legal authority under the Clean Air Act to approve the use of E-15 for 2001 and newer vehicles. The API challenge to EPA's legal authority to issue the waiver was based on the agency's decision to approve E-15 before studies on automobile engine compatibility were completed. API initially appealed the EPA's administrative decision to approve the E-15 waiver in the U.S. Court of Appeals for the District of Columbia. However, the Court of Appeals dismissed the API's suit on procedural grounds. The Appeals Court ruled that API was not adversely affected by the E-15 waiver and, thus, had no "standing" (right to sue) in federal court.

The Supreme Court refusal to hear the case only affirms the Appeals Court decision on API's lack of standing to sue and does not make or infer any opinion on whether the EPA had the authority to approve the E-15 waiver. In other words, today's ruling has no impact on E-15.

### **JOIN PMAA IN ATLANTA THIS OCTOBER**

PMAA will hold its Fall Meeting on October 11-12 at the Hyatt Regency Atlanta. Please view current information at <http://www.pmaa.org/pmaameetings/upcomingmeetings.asp>.

### **2014 WESTERN PETROLEUM MARKETERS CONVENTION & CONVENIENCE STORE EXPO LAS VEGAS, NEVADA**

Start planning now to attend the 2014 WPMA Convention and Convenience Store Expo. It will be held at the Mirage in Las Vegas, Nevada. Mark your calendars for **February 18-20, 2014**.

### **MARK YOUR CALENDARS FOR UPCOMING EVENTS IN 2013**

**July 31-August 2, 2013** - Idaho (IPM&CSA) Convention - Sun Valley Resort - Sun Valley, Idaho

**August 27-29, 2013** - New Mexico (NMPMA) Convention - Albuquerque Marriott Pyramid North, Albuquerque, NM

**September 12-13, 2013** - Utah (UPMRA) Convention - Zermatt Resort - Midway, UT

Petro Pete: ***"A committee is a group that takes minutes and loses hours."***

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