

July 27, 2018

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WP-07-27-18

**RESULTS FROM NCWM ANNUAL MEETING**

Last week, the National Conference on Weights and Measures (NCWM) held its annual meeting in Tulsa, Oklahoma. On the agenda were items regarding ethanol flex fuel labeling, tightening the acceptable UST water tolerance level, requiring a dispenser number on a receipt, and skimming issues.

***Ethanol Flex Fuel Labeling***

There were two proposed revisions to Handbook 130 relating to ethanol flex fuel (E10 plus blends) labeling at the dispenser. These revisions require E15 dispensers to comply with both the Federal Trade Commission (FTC) labeling requirements for ethanol flex fuels and the EPA labeling requirements for E15. This is a requirement that PMAA championed in past meetings to eliminate confusion on the labeling requirements for E15 and minimize the potential for violations of the Clean Air Act and possible fines. These revisions were moved to a voting item by the Laws and Regulation Committee during the NCWM interim meeting in January and approved by the voting members at the annual meeting last week. In addition to EPA labeling requirements, PMAA continues to work to address the lack of specific requirements for the terms used to describe E15 as well as other higher ethanol blends. This is an issue that PMAA will continue to pursue as part of several other proposed changes that are being considered by the Fuels and Lubricants Subcommittee.

***UST Water Tolerance Level***

A proposal aimed at reducing the water tolerance level in USTs from 1 inch to ¼ inch was withdrawn by the submitter. The proposed changes would have required a water tolerance level of ¼ inch for any gasoline containing ethanol.

***Dispenser Number on a Receipt***

A proposal to require an alpha or numeric dispenser designation to either be printed or hand written on a receipt was approved by the Conference.

***Skimming Devices***

Skimming continues to be addressed by the Specifications and Tolerance Committee. This item has been designated as an Assigned Item for development by the Committee. A Skimmer Task Group is working on this issue; however, no specific proposals have been put forward. There was substantial discussion relative to this item. PMAA will continue to follow this issue.

One additional item voted on and approved by the Committee were changes to Chapter G, Uniform Engine Fuels and Automotive Lubricants Regulation, of Handbook 130 to address inconsistencies, update information to be consistent with federal laws and regulations, ASTM and other consensus-based standards, and remove obsolete provisions. PMAA expressed concerns that while ethanol flex fuels are defined as blends of ethanol and hydrocarbons, revisions to the fuel specifications might make it difficult to discern when a gasoline is a flex fuel since the ASTM standards referenced only apply to ethanol flex fuels greater than 16 percent ethanol. This is an issue that PMAA will continue to pursue as part of several other proposed changes that are being considered by the Fuels and Lubricants Committee.

**TRUMP ADMINISTRATION TO RELEASE PROPOSAL ROLLING BACK OBAMA-ERA FUEL EFFICIENCY RULES**

The Department of Transportation (DOT) and the EPA are expected to release a proposal soon that would roll back stringent fuel economy and emissions standards for automobiles that were enacted during the Obama Administration. The EPA's proposal, called the "Safer and Affordable Fuel Efficient (SAFE) Vehicles Rule," argues that less efficient cars are safer for drivers and passengers. The proposal will recommend freezing vehicle emissions requirements at 2020 levels through 2026. Regulators have said this proposal could increase U.S. fuel consumption by about 500,000 barrels of oil per day.

In April, the EPA announced that it would not be renewing Obama-era Corporate Average Fuel Economy (CAFE) standards for cars and light trucks when the program is scheduled to end in 2025. The Obama Administration initially set 50 miles per gallon (mpg) as an across the board fleet-wide target by 2025. However, the target is unlikely to be met because the EPA announced that there will be a reduction in CAFE standards already in place for 2022 through 2025. The Trump Administration says the new rules will cut the prices of new vehicles and could lead to a total of one million additional new vehicle sales through 2029 versus if the Obama rules remained in place.

Additionally, the Trump Administration is expected to propose revoking California's ability to set state vehicle emissions rules and mandate electric vehicles in the next few days. The proposal comes two months after California and 17 other states filed a lawsuit against the EPA in the U.S. Court of Appeals for the District of Columbia Circuit over the EPA's push to ease fuel efficiency standards. In the lawsuit, the states declared that the EPA acted "arbitrarily and capriciously" in its

consideration of lowering fuel efficiency standards. Joining California in the lawsuit were Connecticut, Delaware, Illinois, Iowa, Maine, Maryland, Minnesota, New Jersey, New York, Oregon, Rhode Island, Vermont, Washington, Massachusetts, Pennsylvania and Virginia, as well as the District of Columbia.

Last week, California's top air-quality official, Mary Nichols, met with EPA's new Acting Administrator, Andrew Wheeler. The meeting was the first between the two regulators who disagree over the Trump Administration's plan to roll back automobile efficiency regulations.

### **HOUSE SUBCOMMITTEE HOLDS HEARING ON RINS**

On Wednesday, the House Energy and Commerce Subcommittee on Environment held a hearing to examine the use of Renewable Identification Number's (RINs) as part of the RFS program. The witnesses included: Sandra Dunphy - Director, Energy Compliance Services, Weaver and Tidwell, L.L.P.; Dr. Gabriel E. Lade - Assistant Professor of Economics, Iowa State University; Corey Lavinsky - Director of Global Biofuels, S&P Global Platts Analytics; Paul Niznik - Senior Consultant, Argus Media Incorporated; and Brent Yacobucci - Energy and Minerals Manager, Congressional Research Service.

In his opening statement, Subcommittee Chairman John Shimkus (R-IL) stated that the hearing was "intended to promote greater understanding of how RINs fit into the overall Renewable Fuel Standard. In order to chart a legislative path forward, it is critical that the subcommittee first gather the facts and comprehend the various complexities of the RFS program." Full Committee Chairman Greg Walden (R-OR) added that it was his "desire to move legislation that will pave the future of transportation fuels in the United States, and in order for this to happen it is important that we understand what RINs are and how they fit into the Renewable Fuel Standard – a program that in 2017, spurred the production of 15.8 billion gallons of ethanol and 1.6 billion gallons of biodiesel in the United States."

In his testimony, Mr. Yacobucci spoke about the confusion and uncertainty surrounding the RINs market, stating that "whether you're talking about refiners or biofuel producers, all the participants in the market have raised issues, in one form or another, about uncertainty." When asked by Chairman Walden how well she thought the EPA was overseeing the RIN market and implementation, Ms. Dunphy stated that "the EPA does a pretty good job administering the regulations as they were written, but the RIN market oversight is missing. There's really not any oversight of the trading activity of RINs." Lastly, when asked by Subcommittee Chairman Shimkus if anyone believes there is a RIN market transparency issue, Mr. Niznik responded, "We track RINs transactions from real market participants reporting from actual trades, so that's how we gather data on pricing. And still even at that level we can't have the understanding of the full volumes of the marketplace at any one given time that would be able to elucidate any issues on market manipulation." There was a consensus by most witnesses in the hearing that there are many flaws in relation to the RINs market and that Congress must pass legislation to fix the problems. The most significant problems that exist in the current RINs market are volatility due to commodity prices, uncertainty, and fraud.

In other biofuels news, EPA Acting Administrator Andrew Wheeler said this week that he will continue to work for changes in biofuel mandates that were sought by former EPA Administrator Scott Pruitt, including policies such as counting ethanol exports toward annual biofuel quotas.

### **TRUMP SAYS HIS ADMINISTRATION IS CLOSE TO ALLOWING E15 SALES YEAR ROUND**

President Trump indicated this week that his Administration is close to granting E15 the green light to be sold during the summer months. Earlier this year, reports surfaced that President Trump agreed to allow the sale of E15 year-round in exchange for allowing biofuel exports to qualify for RINs generation. The ethanol industry immediately 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.

RIN values have dropped significantly in recent months as the Trump Administration has granted many small refinery exemptions saving them millions of dollars in compliance costs.

### **CARBON TAX BILL FORMALLY INTRODUCED**

This week, Rep. Carlos Curbelo (R-FL) formally introduced the "Market Choice Act," (H.R. 6463) which would replace the federal motor fuels tax with a \$23 per ton economy-wide carbon tax on emissions from oil refineries, gas processing plants and coal mines beginning in 2020. The bill would direct 70 percent of revenues to the Highway Trust Fund and includes a border adjustment tax (BAT) meaning fees could be assessed on imported products from countries without a carbon tax and outlines various points of taxation, among other provisions, that would have far reaching economic impacts across numerous sectors.

Along with other groups, the Americans for Tax Reform (ATR) have already come out strongly against the bill. ATR President Grover Norquist stated that the bill would give unfettered power to the EPA chief to impose carbon taxes. Furthermore "the bill makes a long list of industries subject to the carbon tax, and then lets the EPA boss add to that list at will." Then, "...it encourages states to impose carbon taxes on top of the federal carbon tax. Americans will end up paying federal and state carbon taxes."

PMAA has serious concerns with the legislation because the cost will not be readily visible to the public and it would likely put the EPA in charge of who pays into the Highway Trust Fund.

### **INFRASTRUCTURE DRAFT BILL RELEASED BY OUTGOING HOUSE TRANSPORTATION CHAIRMAN**

This week, outgoing House Transportation and Infrastructure Committee Chairman Bill Shuster (R-PA) released draft legislation which calls for phasing in a 15-cent gasoline and 20-cent diesel tax increase over three years to ensure that the Highway Trust Fund (HTF) stays solvent over the next decade. After three years, the taxes would be indexed to inflation. The draft bill would begin taxing infrastructure users that can currently avoid taxation such as a 10 percent user fee on electric batteries and adult bicycle tires. It would also eliminate full and partial fuel tax exemptions for public transit and intercity buses.

The draft legislation would also create a voluntary pilot program to test the feasibility of a vehicle miles traveled (VMT) to replace the federal motor fuels excise tax. Ways to track mileage would possibly include: phone apps, in-car diagnostic systems, etc. By having a VMT and/or the provision included in the draft bill that would tax electric vehicles (EVs), the legislation is a conversion starter to ensure that all highway users pay their fair share. Currently, EVs are exempted from paying any type of highway tax.

Shuster's draft also would codify the White House's "one federal decision" vision for infrastructure projects, which would streamline the approval process for transportation within a two-year period. So many transportation projects have come to a halt due to labor intensive environmental analyses which takes years to complete.

Finally, the draft legislation does not include language that would commercialize rest areas or allow existing highways to be tolled. Keep in mind that the Trump Administration called for ending the federal prohibition on tolling existing highways and commercializing rest areas.

### **LNG EXPORTS TO NON-FREE TRADE AGREEMENT COUNTRIES TO BE ALLOWED**

A final Department of Energy (DOE) rule easing approvals for exporting "small volumes" of liquefied natural gas (LNG) to countries lacking free trade agreements with the U.S. has been issued and will go into effect on August 24, 2018. The rule will provide for faster approval of applications for small-scale exports of natural gas, including LNG, from U.S. export facilities.

Prior to this rule, for applications to export natural gas to non-free trade agreement countries, DOE had to conduct a public interest review before authorizing such exports. This final rule provides that DOE, upon receipt of any complete application to export natural gas to non-free trade agreement countries, will grant the application provided that the application: proposes to export no more than 51.75 billion cubic feet per year of natural gas, and the proposed export qualifies for a categorical exclusion under DOE's National Environmental Policy Act (NEPA) regulations.

### **SORGHUM OIL APPROVED TO QUALIFY FOR RINS CREDITS**

On Tuesday, EPA's Acting Administrator, Andrew Wheeler, signed a final rule approving a variety of pathways for renewable fuel derived from sorghum, including biodiesel.

The newly approved pathways include biodiesel, heating oil, jet fuel, and liquified petroleum gas produced from sorghum oil, a by-product of ethanol produced from using grain sorghum as a primary feedstock. These pathways meet the greenhouse gas emissions reductions requirements to qualify to generate credits or Renewable Identification Numbers (RINs) for biomass-based diesel and advanced biofuels under the RFS program.

"Today's approval sets the stage for more homegrown fuels under the Renewable Fuel Standard and adds diversity to our mix of biofuels in the U.S.," said EPA Acting Administrator Andrew Wheeler. "This is a win for American sorghum farmers and biofuel producers alike."

"USDA welcomes this decision by EPA that biofuel made from sorghum oil qualifies for advanced biofuel and biomass-based diesel designation under the RFS," U.S. Secretary of Agriculture Sonny Perdue said. "This decision recognizes the environmental benefits of home-grown renewable energy and will create new markets for agricultural commodities."

The move will add 21 million Renewable Identification Numbers (RINS) to the program, all of which can be used to comply with the advanced biofuel mandate.

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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

**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

**May 2-3, 2019** – Nevada (NPM&CSA) – Big Dogs – Las Vegas, Nevada

**August 5-7, 2019** – Idaho (IPM&CSA) – Convention – Sun Valley Resort – Sun Valley, Idaho

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