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PMAA CALLS FOR EPA TO LIMIT ETHANOL BLENDING MANDATES TO 9.7 PERCENT OF GASOLINE DEMAND

PMAA submitted written [comments](#) last week on the U.S. EPA's proposed calendar year 2019 volumetric blending mandates for cellulosic biofuels, advanced biofuel and total renewable fuels required under the RFS. Citing UST system compatibility concerns, PMAA urged the EPA to set the blending mandate for corn ethanol at no more than 9.7 percent of projected gasoline demand as determined by the Energy Information Administration (EIA). PMAA said adopting arbitrary volumetric blending mandates chosen by Congress over 10 years ago produces more ethanol blended gasoline than the marketplace demands, and which RIN credits can no longer offset.

PMAA warned that if the EPA continues to set blending mandates in this arbitrary manner, the E10 blend wall would be breached and E15 forced onto the marketplace, setting off a UST system compatibility crisis that threatens to disrupt the petroleum distribution chain. PMAA also stated that setting arbitrary blending volumes that surpass actual demand has created a market where too many obligated blenders are chasing too few RINS credits. As a result, RIN values have risen which in turn has caused market chaos at the pump. PMAA concluded that an ethanol blending mandate set at 9.7 percent of actual gasoline demand is the only feasible way to move forward given E15 equipment compatibility issues and the current disruption of the RINS market. PMAA said it had no concerns with the EPA's blending standard for biodiesel since significantly more biodiesel is produced each year than is required under the RFS due to consumer demand.

The EPA is proposing to increase total renewable fuel volume by 590 million gallons from 19.29 billion gallons in 2018 to 19.88 billion gallons for 2019. The renewable fuel volume for biomass-based diesel (biodiesel) was set in a 2017 rulemaking at 2.1 billion gallons, the same as required in calendar year 2018. Renewable fuel volumes for cellulosic biofuel will increase by 93 million gallons from 288 million gallons in 2018 to a proposed 381 million gallons in 2019. Under the proposed rule, advanced biofuels will increase from 4.29 billion gallons in 2018 to 4.88 billion gallons in 2019, an increase of 590 million gallons. Conventional biofuels, including corn ethanol, will remain at the 15 billion-gallon statutory maximum set by Congress under the RFS. The rulemaking also proposes to set the 2020 renewable fuel volume for biomass-based diesel at 2.43 billion gallons, up 330 million gallons when compared with the 2019 and 2018 2.1 billion gallons requirement. The 2019 obligated volume for bio-mass based biofuel (biodiesel) was previously set in a 2017 rulemaking.

Meanwhile, thirty-nine senators urged the EPA to boost quotas for biodiesel and advanced biofuels, arguing that proposed requirements underestimate potential production. The senators also urged Wheeler to redistribute waived quotas, effectively requiring larger refineries to use more biofuel to make up for smaller refineries' exemptions. The proposed rule does not force large refiners to make up for the lost 1.5 billion gallons of obligated blending volume lost in 2018 due to blending waivers issued by the EPA to small refineries based on financial hardship. PMAA believes carrying those gallons over to large refiner obligated blending volumes for 2019 would have caused an unlevel playing field in the marketplace.

PMAA SENDS LETTER TO AGRICULTURE COMMITTEE LEADERSHIP URGING REAUTHORIZATION OF NORA

This week, PMAA joined the National Biodiesel Board (NBB) and the Advanced Biofuels Association (ABFA) in sending a letter to House and Senate Agriculture Committee leadership urging them to include a permanent reauthorization of the National Oilheat Research Alliance (NORA) in the final Farm Bill. The letter was sent to Senate Committee on Agriculture, Nutrition, and Forestry Committee Chairman Pat Roberts (R-KS) and Ranking Member Debbie Stabenow (D-MI), as well as House Committee on Agriculture Chairman Mike Conaway (R-TX) and Ranking Member Collin Peterson (D-MN). In the letter, PMAA, NBB and ABFA stated, "Without Congressional authorization of NORA, the oilheat industry will lose this crucial program and the ability to work cooperatively and efficiently to provide the consumer benefits and efficient technologies to stay competitive in the marketplace." Click [here](#) to view the letter. Meanwhile, Senators Burr (R-NC), Collins (R-ME), Portman (R-OH), Shaheen (D-NH), Leahy (D-VT) and Reed (D-RI) along with Reps. Jeff Duncan (R-SC), Faso (R-NY), Kuster (D-NH) and Welch (D-VT) sent a letter to the House and Senate Agriculture leadership in support of NORA's permanent reauthorization. Click [here](#) to read the letter.

NORA was first authorized in 2000 to provide funding that would allow the oilheat industry to provide more efficient and reliable heat and hot water to American consumers. As a "check-off" program, NORA receives \$0.002 at the wholesale level on every gallon of heating oil sold. NORA provides critical training opportunities and supports the necessary research and development for the industry. Oilheat is currently used in 6.3 million homes, serving more than 16 million Americans across the country. The current NORA program is authorized through February 2019.

After the House passed its version of a Farm Bill in June, the Senate passed its own version a week later which included an amendment that would permanently reauthorize NORA. Conferees were recently announced for the House and Senate, and hill staffers have been working during the August recess trying to hash out the details for which provisions will be included in a final Farm Bill between the more conservative House bill and the more moderate Senate bill.

PMAA has been meeting with lawmakers to ensure the NORA provision will be included in the final bill.

PETROLEUM MARKETERS PREPARE TO RESPOND TO HURRICANE LANE

Petroleum marketers as well as all people of Hawaii are bracing for the full impacts of Hurricane Lane, a Category 3 storm which will move close to or over parts of Hawaii's main islands late today, bringing dangerous surf of 20 to 30 feet. According to FEMA Administrator Brock Long, "Hawaii is going to be impacted by Hurricane Lane - the question is how bad."

Petroleum marketers have worked diligently to meet the demand for fuel and are prepared to re-supply once the storm has passed and it is safely possible to do so. PMAA and the Hawaii Petroleum Marketers Association (HPMA) worked with FMCSA in securing an Hours of Service (HOS) waiver which became effective yesterday and will remain in effect through the duration of the emergency or 11:59 pm, September 21, 2018, whichever is less.

TRUMP ADMINISTRATION PROPOSES SCRAPPING OBAMA'S CLEAN POWER PLAN

On Tuesday, the Trump administration announced plans to eliminate and replace President Obama's environmental regulation known as the Clean Power Plan that regulates emissions from coal-fired power plants. The newly proposed plan from the EPA, known as the Affordable Clean Energy (ACE) Rule, would give states the authority to determine how to restrict carbon dioxide and other greenhouse gas emissions.

The EPA estimates that the new plan could reduce carbon dioxide emissions by as much as 1.5 percent from projected levels which is a reduction of 12 million to 24 million metric tons. In a statement, Acting EPA Administrator Andrew Wheeler stated that the ACE Rule "would restore the rule of law and empower states to reduce greenhouse gas emissions and provide modern, reliable, and affordable energy for all Americans." Wheeler added, the "proposal provides the states and regulated community the certainty they need to continue environmental progress while fulfilling President Trump's goal of energy dominance." Scrapping the Obama-era Clean Power Plan was a campaign promise of President Trump's, as he vowed to fight the war on coal.

However, the ACE Rule is sure to divide conservative and liberal states. Conservative state officials will likely allow utilities to continue using coal-fired plants and liberal state officials will likely push for plans that will reduce greenhouse gas emissions. Many environmentalists and Democratic attorney generals have already said that they will challenge the proposed rule in court because it would give too much authority to the states.

EPA has said it expects to finalize the new rule early next year.

SENATE APPROVES MAJOR SPENDING BILL; HOUSE CONTINUES RECESS UNTIL SEPTEMBER 4

This week, the Senate completed work on its "minibus" appropriation for the Defense, Labor, HHS and Education departments by a vote of 85-7. The House will not return from August recess until after Labor Day, which gives it 11 working days to keep the government funded.

In addition to passing its appropriations bills, the Senate has been setting its sights on fixing the meal and rest break issue through the FAA reauthorization bill. Although both the House and Senate versions include language to fix the issue, Senate Democrats are increasingly facing pressure from their constituencies to modify and weaken the meal and rest break provision.

PMAA believes the inclusion of the current preemption provision in both FAA reauthorization bills are necessary because it will bring nationwide uniformity to the issue. Click [here](#) to write your Senators to maintain the preemption provision in the FAA reauthorization bill.

Finally, the Senate will focus on confirming U.S. Supreme Court nominee Brett Kavanaugh, whose confirmation hearings will start on September 4.

SENATOR INHOFE INTRODUCES NATURAL GAS VEHICLE LEGISLATION

Last month, Senator Jim Inhofe (R-OK) introduced S. 3226, the "Light-Duty Natural Gas Vehicle Parity Act of 2018," which aims to ensure federal agencies give the same regulatory treatment to natural gas vehicles (NGVs) that is provided to electric vehicles (EVs). Sen. Inhofe believes that although Congress granted regulatory incentives for dual-fuel NVGs, EPA regulations have made it extremely difficult to receive the benefits. Sen. Inhofe's legislation would also remove eligibility-based design restrictions, such as those imposed on dual-fuel NGVs.

In a statement, Sen. Inhofe said, "Natural gas vehicles have great potential for widespread adoption because of their use of reliable, low-cost, American-made energy. This bill addresses one of the biggest hurdles to the production of more natural gas vehicles: regulation. By providing regulatory parity between natural gas and electric vehicles, natural gas vehicles can have a level playing field in the marketplace."

Additionally, Sen. Inhofe sent a [letter](#) to Acting EPA Administrator Andrew Wheeler urging him to provide regulatory relief as Congress considers his legislation.

A week after Sen. Inhofe introduced his legislation, Rep. Bill Johnson (R-OH) introduced companion legislation, H.R. 6476. In a statement, Rep. Johnson said that his legislation “will help encourage federal regulatory parity for natural gas vehicles. Our federal policies must encourage an all of the above approach to our energy production and consumption, and this bill helps achieve that goal by requiring federal agencies to provide the same regulatory treatment currently provided to electric vehicles.”

FMCSA PROPOSES NECESSARY HOS REFORM

On Wednesday, the Department of Transportation’s Federal Motor Carrier Safety Administration (FMCSA) announced an [Advanced Notice of Proposed Rulemaking \(ANPRM\)](#) that proposes to make changes to commercial motor vehicle driver hours of service regulations (HOS), some of which are changes that PMAA has sought over the past years.

The proposed changes include:

- A PMAA-New England Fuel Institute (NEFI) request that would expand the current 100 air-mile “short-haul” exemption from 12 hours on-duty to 14 hours on-duty, in order to be consistent with the rules for long-haul truck drivers.
- Extending the current 14 hour on-duty limitation by up to two hours when a truck driver encounters adverse driving conditions which will help drivers during bad weather events before an HOS waiver is issued. PMAA has worked extensively on efforts to help drivers deliver fuel as quickly and as safely as possible during disasters, including quick responses on waiver requests and interim measures.
- Extending the current 14 hour on-duty limitation to allow for up to a three consecutive hour break (to allow for loading and unloading); PMAA and NEFI requested to allow waiting time at terminals to be counted as off-duty time. This would extend the driver on-duty period for up to 17 hours.
- Revising the prohibition against driving after the 14th hour from the time the driver comes on-duty to prohibit driving after the 14th hour of on-duty time; this would allow drivers to count only the hours of their shift while actually on-duty towards the 14 hour daily on-duty limit. In other words, drivers could end their shift after the 14th hour if periods of off-duty time occurred within the 14 hour period.
- Revising the current mandatory 30-minute break for truck drivers after eight hours of continuous driving; this will benefit petroleum marketer drivers who drive beyond the 100 air-mile radius exemption from rest breaks to reach a distant terminal.
- Eliminating the 30-minute rest break requirement for drivers; Drivers who stay within 100 air miles of their originating location are exempt from the 30-minute rest break requirement. The requirement would only apply to those drivers who drive beyond 100 miles.

PMAA and NEFI have worked closely with FMCSA Administrator Raymond P. Martinez and his team, and we support their efforts to maintain excellence in commercial motor vehicle and driver safety while also seeking logical efficiencies and relief for small businesses. Such changes would minimize the effect of the driver shortage and safely speed fuel where it is needed following disasters.

PMAA will submit comments to FMCSA regarding the ANPRM before the 30-day comment period (which begins when the proposal is published in the Federal Register which has not occurred yet) expires.

FEDERATED MUTUAL GROUP AND FEDERATED LIFE COMPANY NAMED TO 2018 WARD’S 50® TOP PERFORMERS

Ward Group®, a Cincinnati-based consulting firm specializing in the insurance industry, recently named Federated Mutual to the top 50 U.S.-based property and casualty companies and Federated Life to the top 50 U.S.-based life insurance companies.

Ward Group annually recognizes 50 property and casualty, and 50 life-health companies that have excelled at balancing financial safety, consistency, and performance during the past five years. They conducted separate analyses on nearly 3,000 property and casualty companies and 700 life-health companies.

"We are proud to have not only our mutual company, but also our life company listed on the Ward's 50 Top Performer list," said Federated Insurance Chairman and CEO Jeff Fetters. "Our continued recognition by Ward Group reaffirms the strength of our risk management efforts in helping our clients succeed."

“Low investment returns, rising loss costs, and competitive market conditions continue to impact financial returns for the industry. In selecting the Ward’s 50, we identified companies that pass financial stability requirements and measure their ability to grow while maintaining strong capital positions and underwriting results,” said Jeff Rieder, partner and head of Ward Group.

Founded in 1904, Federated Insurance is a national insurance and risk management organization that serves the property, casualty, and life insurance needs of clients in select industries. The organization has more than 500 recommendations from state, regional, and national associations and buying groups and is rated A+ (Superior) by industry analyst A.M. Best®.

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FEDERATED RISK MANAGEMENT ACADEMY – SEPTEMBER 11-13, 2018

A key to successful business is a strong risk management culture!

Federated’s Risk Management Academy provides a unique opportunity for businesses to learn best practices and network with industry peers through 2 ½- and 1-day risk management seminars. These seminars are designed for individuals in positions of risk leadership including owners, operations management, service management, risk management, or human resources. The key to a successful business is implementing and leading a strong risk management culture, so attendees should be in a position to take action!

Topics target specific risk management exposures for all industries as well as targeted exposures for individual industries. Seminar sessions include:

- Risk Management Culture
- Employment Practices Liability
- Risk Managing Your Drivers
- Claims Management
- Selection Risks and Pitfalls
- Employment Practices Risk Management
- Risk Manager Responsibilities
- Family and Business Succession Planning
- Managing Your Workers Compensation
- Underwriting Your Business
- Industry Specific Topics
- Cyber Risk Management
- Federated Shield Network
- Disaster Planning

Petroleum Marketers – September 11-13, 2018

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PLAN TO ATTEND THE 2019 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

September 12-14, 2018 – Utah (UPMRA) Convention – Doubletree by Hilton, Park City, UT

October 25, 2018 – Hawaii (HPMA) Golf Tournament – Hapuna Beach GC, Kamuela, HI

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

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

June 4-6, 2019 – Montana (MPMCSA) Convention

June 17-20, 2019 – Washington (WOMA) Convention – Suncadia Resort, Cle Elum, WA

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

September 11-13, 2019 – Utah (UPMRA) – Convention – Zermatt Resort, Midway, UT

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Petro Pete: “If you’re still looking for that one person who will change your life take a look in the mirror.”

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