

September 20, 2019

Visit us online at [www.wpma.com](http://www.wpma.com)

WP-09-20-19

**TRUMP ADMINISTRATION REVOKES WAIVER ALLOWING CALIFORNIA TO SET EMISSIONS STANDARDS**

This week, President Trump announced that the EPA is revoking California's waiver that allows the state to set its own, more stringent auto emissions standards. Thirteen other states and the District of Columbia follow California's standards as well. Additionally, the EPA, with the help of the U.S. Department of Transportation (U.S. DOT), is revoking California's requirement that auto manufacturers offer for sale an increasing number of zero emission vehicles (ZEV) in the state each year. The U.S. DOT is also drafting a notice asserting that the California (ZEV) standards are preempted by federal fuel economy regulations. President Trump made the announcement saying, "The Trump Administration is revoking California's Federal Waiver on emissions in order to produce far less expensive cars for the consumer, while at the same time making the cars substantially SAFER. This will lead to more production because of this pricing and safety advantage, and due to the fact that older, highly polluting cars, will be replaced by new, extremely environmentally friendly cars."

The announcement comes just one month after Ford Motor Company, BMW AG, Volkswagen AG and Honda Motor Company, reached an agreement with the California Air Resources Board (CARB) on emissions standards. Under the terms of the agreement, automakers pledged to increase the average fuel economy of their fleets to around 50 miles per gallon by the end of the 2026. GM did not take a position on the agreement, and Fiat Chrysler indicated that it wasn't invited to the discussion.

California Governor Gavin Newsome, along with many states that follow California's standards and several environmental groups, announced they will challenge President Trump's decision. However, the inevitable court battle between state and federal regulators is unlikely to be resolved until after next year's presidential election. If a Democrat were to beat President Trump in the election, it would be easier for the new president to undo the decision if a court decision has not already been made.

Last August, the EPA and National Highway and Transportation Safety Administration (NHTSA) issued a proposed rule that would freeze federal mpg requirements and corresponding greenhouse gas standards at 2020 levels. The rule would also revoke the rights of individual states to adopt more stringent emissions standards. Currently, 11 states including CO, CT, ME, MD, MA, NJ, NY, OR, RI and VT adopted the California ZEV standards. These states would also lose their ZEV mandates should the EPA rule be finalized.

In October, PMAA submitted comments in support of the Trump Administration's proposed rule. PMAA highlighted numerous reasons why current MPG standards could harm petroleum marketers and how important it is that the Trump Administration's proposed rule is adopted.

**HOUSE PASSES GOVERNMENT SPENDING BILL, SENATE TO FOLLOW NEXT WEEK**

On Thursday, the House passed a government funding bill known as a continuing resolution (CR) (H.R. 4378) that would avert a government shutdown, by a 301-123 vote. Now the Senate has five legislative days to pass the funding autopilot bill (current gov't funding expires Sept. 30th) which would give lawmakers until November 21 to pass the remaining full year appropriations bills for the Fiscal Year that begins next month.

The bill was passed after Democrats compromised with the Trump Administration on allowing farmers to continue to receive reimbursements for the cost of tariffs. CR funding would be at levels provided under FY 2019 appropriations laws. The bill also would extend several programs that are slated to expire at the end of fiscal 2019, including the National Flood Insurance Program and various health programs. The Senate is expected to pass the CR next week and then both chambers are expected to leave for a two-week recess.

Given that Congress is likely to approve a spending bill through November 21, action on a tax extenders/retirement fixes/technical fixes to the GOP's Tax Cuts and Jobs Act will have to wait until November or even into December. A retroactive extension of the biodiesel blender's tax credit through 2019 as well as a prospective renewal of the oil spill liability tax (OSLT) is likely to be included in a tax extenders package to be included later this year.

Meanwhile, House Democrats are reportedly working on a clean energy package that could jump start negotiations on a tax extenders package. One of the likely demands is to extend and expand the \$7,500 EV tax credit which would benefit Tesla and GM who have already hit their EV targets meaning that they are no longer able to take advantage of the current credit. The package will likely include demands for solar and wind credits. Stay tuned.

## **TRUMP WEIGHS OPTIONS AS FARMING AND OIL INTERESTS SPAR**

According to recent reports, the Trump Administration is drafting a plan that would increase blending mandates under the RFS by five percent over 2019 volumes. The White House, EPA and Department of Agriculture are formulating final details of the plan. The increase in blending mandates are important to petroleum marketers because it could drive up RIN prices and force E15 on the market. The administration is taking this action in order to shore up support among farmers who are angry over falling crop prices from stagnant ethanol blending volume and loss of market share due to the recent increase in small refinery blending waivers and ongoing trade war with China. However, the Trump Administration's plan is unlikely to satisfy renewable fuel producers because the higher blending volumes are not enough to offset the 4.2 billion gallons of renewable fuel lost to small refinery blending waivers. The plan's expected unveiling could happen as soon as October 1.

In response to the reports, numerous oil refinery executives sent a letter to President Trump last week asking him to ignore the demands of farming interests to increase the blending mandates of biofuels under the RFS. After meeting with oil refiner executives last week, President Trump said that it has been very difficult to find a plan that would appease both refiners and farmers.

Vice President Mike Pence met with Sen. Chuck Grassley (R-IA) and other farming states last week to discuss the issue of small refinery exemptions and what the administration can do to help farmers. According to reports, the potential deal would include a limit to the number of small refinery exemptions that EPA issues, an increase in the volumes of biofuels that must be blended into gasoline and efforts to boost the spread of E15. Sen. Grassley announced that he felt that an agreement had been reached but is waiting to see how the EPA will write the specific policies.

Furthermore, oil-state Senators met with President Trump yesterday to discuss putting a cap on RINs prices, and allowing the EPA to sell its own waiver credits if RINs prices skyrocket. However, Sen. Grassley has stated that this would be a deal breaker for the ethanol industry.

## **PLEASE CONTINUE TO URGE CONGRESS TO EXTEND THE BIODIESEL BLENDER'S TAX CREDIT**

Given that Congress is back in town, please continue to remind them to extend the \$1 per gallon biodiesel blender's tax credit.

Since 2005, there has been a \$1 per gallon biodiesel and renewable diesel blenders' tax credit which was created to stimulate production and consumption of biodiesel and renewable diesel. The biodiesel blender's credit has worked successfully to build a strong incentive for downstream fuel marketers to blend renewable fuel into the fuel supply which has lowered prices for motorists and heating fuels for consumers. As a result, the U.S. biodiesel and renewable diesel market has grown from roughly 100 million gallons in 2005 to nearly 2.6 billion gallons in 2017.

Unfortunately, the tax credit expired on December 31, 2017 and has been in limbo since. Congress must act before the end of this year to retroactively extend the credit for calendar year 2018 and through at least 2019.

## **FUEL FUND SEEKS HELP FOR BAHAMIANS**

As is often the case, Fuel Relief Fund (FRF) is one of the first aid organizations on the ground following a disaster. With a team now on Great Abaco Island, the area hardest hit by Hurricane Dorian, and an initial shipment of fuel being sent from the US mainland, we will be able to start distributing fuel. But this will not even come close to being enough. FRF need tens-of-thousands more gallons of fuel to reach those in need.

Please consider donating today to help the people of the Bahamas. Every dollar counts! To read the notice in its entirety and to donate, click [here](https://fuelrelieffund.org/) (https://fuelrelieffund.org/).

## **EPA CONSIDERING A RE-DO OF ITS 2018 UPWIND STATES RULING**

Following a recent partial overturn of a rule, EPA is now considering re-working its 2018 ruling on upwind states requirements, which will play a role in determining who meets the 2008 ozone standard ahead of the 2021 deadline. The EPA's 2018 rule declared that upwind states have done enough to curb their ozone-forming pollution. Recently, however, the D.C. Circuit Court of Appeals ruled that a previous EPA ruling, its 2016 update to the Cross-State Air Pollution Rule (CSAPR close-out rule), which was designed to harmonize it with the 2008 ozone standard, had failed to set deadlines for upwind states to act and told EPA to fix it. Now EPA has until October 29, 2019 to respond to the ruling and then to determine what to do about it.

The Court of Appeals ruled that the Obama Administration had not set a deadline for upwind states to eliminate air pollution that drifts into downwind states. The "good neighbor" provision of the Clean Air Act requires upwind states to reduce ozone-forming pollution that drifts into downwind states. Specifically, the court declared, "The Rule's open-ended compliance timeframe exceeds the bounds of EPA's statutory authority by allowing upwind states to continue their significant contributions to downwind nonattainment well past the deadline for downwind areas to comply with the National Ambient Air Quality Standards." Three-quarters of ozone pollution in downwind states are caused by pollution from upwind states. In 2016 EPA did not set a deadline for upwind states to fully curb their emissions that significantly

contribute to downwind states air quality problems, yet the downwind states had already been forced to comply with the standard.

**PETER KRUEGER, NPM&CSA STATE EXECUTIVE DIRECTOR, SPEAKS TO 2NEWS IN RENO, NEVADA - LOCAL EFFECTS ON GAS PRICES**

Watch the complete story at: <https://www.ktvn.com/clip/14911633/local-effects-on-gas-prices>

**PLAN TO ATTEND THE 2020 WPMAEXPO**



Mark your calendars for February 18-20, 2020. Make plans now to attend the 2020 WPMAEXPO. It will be held once again at the Mirage in Las Vegas, Nevada.

**MARK YOUR CALENDARS FOR UPCOMING EVENTS**

**October 14, 2019** - Hawaii (HPMA) - Golf Tournament - Oahu Country Club, Honolulu, HI

**February 18-20, 2020** – WPMA Convention & Expo – Mirage Hotel– Las Vegas, NV

**May 7-8, 2020** – Nevada NPM&CSA – Big Dogs - Las Vegas, NV

**June 22-25, 2020** – Washington (WOMA) – Convention – Suncadia Resort – Cle Elum, Washington

**August 5-7, 2020** – Idaho (IPM&CSA) Convention – Coeur d’ Alene Resort – Coeur d’ Alene, Idaho

**August 17-19, 2020** – New Mexico (NMPMA) Convention – Sandia Resort & Casino – Albuquerque, NM

**September 9-10, 2020** – Utah (UPMRA) – Convention – Park City Marriott – Park City, Utah

**WPMA MEMBER SERVICES**



**Be sure to subscribe to all of our social channels for great tips, industry trends, and insider information about association activities and upcoming events!**



**Petro Pete: “Don’t you dislike people who use big words just to make themselves look *PERSPICACIOUS?*”**

© 2019 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: [janr@wpma.com](mailto:janr@wpma.com). Thanks.

## CLASSIFIED ADS

### FOR SALE

2001 Kenworth T800 fuel truck and trailer with 2001 Onnen tanks. 12,800 gallons total capacity. \$79,000. Please call Guy or Justin at 208-765-2266 if interested.

