WPMA

News and Information for the Petroleum Marketers Industry

weekly update

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ENERGY MARKETERS OF AMERICA NAME CHANGE REFLECTS GROWING PORTFOLIO OF LIQUID FUELS INDUSTRY

This week, the Energy Marketers of America (EMA) announced a new era for the trade association previously known as the Petroleum Marketers Association of America. The name change is reflective of the group's growing portfolio of affordable, efficient, and environmentally friendly liquid fuels and other alternative energy sources that are helping to reduce emissions while propelling Americans forward.

Liquid fuels have played a critical role in lowering emissions over the past half century, and through innovation and technological advancement, they will continue to reduce emissions further in the coming decades. Investments in cleaner liquid fuels helped reduce U.S. air emissions by 73 percent from 1970 to 2016, even as total miles driven nearly tripled. Innovative technologies will ensure liquid fuels are part of a lower-emission future for decades to come.

"Liquid fuels are and will continue to be a crucial driver of economic growth in this county and a catalyst for affordable transportation," EMA President Rob Underwood said. "EMA spans 47 states, our members own and operate 60,000 fuel stations across the country, and they supply heating fuel to more than 5 million American homes and businesses. The small businesses they represent provide thousands of jobs and help Americans get where they need to go as well as keep them warm during the winter."

While much progress has already been made, EMA believes that addressing improvements in fuel efficiency and the carbon value of the fuel will yield significant gains for the environment. Policies and funding to reduce carbon emissions should be spread over all carbon sources and be applied to all fuels and energy sources equally. Research and funding for reductions in carbon emissions associated with liquid fuels should be treated with the same urgency as afforded to electrification, particularly since about 98 percent of vehicles sold in 2019 still rely on liquid fuels. Additionally, EMA supports policies and programs which allows the oilheat industry to provide more efficient and reliable heat and hot water to American consumers.

"Lawmakers should consider a technology neutral approach when it comes to promoting policies that reduce emissions," Underwood said. "The most cost-effective way to reduce emissions from transportation is to support technologies that do so for the vast majority of vehicles on the road." Click here to view the new website.

EPA ISSUES FINAL FUELS REGULATORY PROGRAM

This week, the EPA issued a final Fuels Regulatory Streamlining rulemaking which provides significant revisions to the existing gasoline, diesel, and other fuels programs. These revisions affect EMA member companies from the marketers through the refineries including manufacturers and suppliers of ethanol and additives. The existing fuel regulations were an amalgamation of separate programs implemented over the past 40 years resulting in over 1000 pages of complex, outdated and redundant regulations. The revisions delete expired provisions, eliminate redundant provisions and remove unnecessary and out-of-dated provisions in the existing 40 CFR Part 80 fuel quality regulations and replaces Part 80 with a new set of regulations in 40 CFR Part 1090.

These changes are intended to streamline the fuels regulatory process and improve compliance and reduce compliance costs, however, they do not reduce the compliance requirements of the existing fuel standards. The final rule:

- Removes outdated and duplicative gasoline and diesel fuel regulations and consolidates regulations for EPA's various fuel programs into a set of rules.
- Simplifies the summertime RVP requirements by establishing a summer RVP per-gallon cap of 7.4 psi across regions.
- Reduces the need for recertification of winter gasoline by allowing all winter gasoline to be used in RFG areas without recertification.
- Consolidates the four existing fuel quality survey programs into a single national in-use fuel quality survey.
- Simplifies the downstream recertification of distillates, removal of outdated provisions in the ULSD regulations and elimination of the prohibition against the presence of red dye in motor vehicle diesel fuel and additional heating fuel requirements.

The final rule is effective January 2021. Overall, PMAA has expressed support for streaming the fuels regulations and believes these changes will increase compliance with EPA fuel regulations while significantly reducing the compliance burden they impose on small business energy marketers. Click here to read PMAA's comments from June 2020.

Additional information on the new rules will be provided in next week's EMA Weekly Review.

CFTC FINALIZES POSITION LIMITS RULE

Yesterday, the Commodity Futures Trading Commission (CFTC) issued its long-delayed position limits rule mandated by the "Dodd-Frank Wall Street Reform Act" to curb excessive speculation in energy and other commodities futures contracts by a 3 – 2 vote.

The final position limits rule applies to 25 physically settled and linked cash-settled futures contracts, options on futures contracts, and "economically equivalent swaps." Important to energy marketers, federal spot month position limit levels are set at or below 25 percent of estimated deliverable supply on the NYMEX Light Sweet Crude Oil (CL), NYMEX New York Harbor ULSD Heating Oil (HO) and the NYMEX New York Harbor RBOB Gasoline (RB) contracts. RB and HO front-month contracts will have a position limit of 2,000 contracts. The federal spot month limit for the WTI contract features the following step-down limit: (1) 6,000 contracts as of the close of trading three business days prior to the last trading day of the contract; (2) 5,000 contracts as of the close of trading two business days prior to the last trading day of the contract; and (3) 4,000 contracts as of the close of trading one business day prior to the last trading day of the contract.

In written comments earlier this year, EMA urged the CFTC to lower the stated spot-month limit for energy futures and "economically equivalent" energy futures, options on futures, and swaps to a level that is more consistent with existing federal spot month limits for legacy agriculture contracts to prevent excessive speculation. Additionally, EMA urged the Commission to impose position limits on non-spot months to energy futures contracts and "economically equivalent" contracts. EMA also urged the CFTC to impose separate limits on passive traders (i.e., index funds, exchange traded funds, and other similar vehicles that generally buy without regard to price), and require that positions of passive long speculators who follow the same trading strategy be aggregated for purposes of applying spot and non-spot month position limits. Unfortunately, the final rule fell short in addressing those concerns to reduce excessive oil speculation.

The final rule also expands the list of CFTC-defined bona fide hedge exemptions. It also creates a new process for bona fide hedges that are not on the CFTC's exemption list to be approved at the exchange level with a 10-day period for the CFTC to review those decisions. Democratic commissioners expressed concerns that the final rule is less sweeping than earlier versions and would impact trading on the soonest-expiring contracts, leaving intact traders' abilities to make big wagers on longer-term contracts. It is also likely to allow for bigger maximum positions than currently allowed in some physically settled futures contracts, and limits will likely be more permissive than those now allowed by exchanges. Exchanges would be free to maintain their current levels.

Excessive speculation helped contribute to the oil price run up in the mid-2000s only to see it dramatically plunge within a six-month period from approximately $147 per barrel in July 2008 to a December 2008 low of $32 per barrel. It can be argued that excessive speculation helped contribute to the recent dramatic drop in oil prices which sent the West Texas Intermediate (WTI) contract into negative territory (-$37.63 in April 2020) for the first time.

COVID-19 STIMULUS PACKAGE AGREEMENT UNLIKELY BEFORE NOVEMBER ELECTION

If you were hoping for another round of COVID-19 relief, do not get your hopes up. That is essentially what Treasury Secretary Steve Mnuchin said this week after he and Speaker of the House Nancy Pelosi (D-CA) once again failed to reach a deal on a fourth COVID-19 relief bill. After President Trump recently made concessions and agreed to a $1.8 trillion stimulus package, a much larger package than they were originally insistent upon, Democratic leadership felt some of the language was not sufficient and declined the offer.

Speaker Pelosi has made it clear that she would like a $2.2 trillion stimulus package at the very least. Although the two parties remain far apart, both have said they are committed to continuing negotiations on a deal that satisfies both sides.

Click here to read the story.

HIGHWAY FUNDING MEASURE INTRODUCED IN THE HOUSE

Rep. Rodney Davis (R-IL) recently introduced the "Highway Relief Act," which would allow the Secretary of Transportation to fund up to 100% of federally-funded highway projects in Fiscal Years (FY) 2021 and 2022, while waiving the state and local share of those projects.

In a statement, Rep. Davis said, "The COVID-19 pandemic has put great financial strain on state government budgets, including state departments of transportation. My legislation will protect and create new construction jobs and provide a much-needed cash infusion to ensure state highway projects continue as planned. This is just one of many ways the federal government can assist state DOTs."

Rep. Davis says that the COVID-19 pandemic continues to negatively impact state transportation budgets due to less motor fuel tax revenue and when state revenues are down, the state's ability to make their state match to federally funded projects could be jeopardized. To help state transportation revenue, Rep. Davis argues that his bill would provide the U.S.

Secretary of Transportation discretionary authority to increase the federal cost share for federal-aid highway projects to 100 percent, for FY 2021 and 2022.

Rep. Davis is working to include his bill in the pending COVID-19 relief stimulus bill.

REGISTER NOW FOR WOMA'S VIRTUAL SPOTLIGHT SERIES

Necessity is the mother of all invention! And without any face-to-face meetings, WOMA is rising up and offering connection with our membership! WOMA has developed a weekly series that will allow exhibitors, marketers, and major oil companies to come together and share products, services, and education about what we will face in the coming months. Join us every Wednesday from 10:00-11:00 a.m. (Pacific Time) for the 8 weeks (September 23-November 11) where we will be highlighting industry-related topics with a variety of reliable speakers! A second 8-week series will happen January - March with details to follow. If you are interested in owning your own Spotlight Week, please email Lea McCullough at lea@waoil.org for weeks available! More information and registration click here. (https://www.wpma.com/washington/calendar-of-events/woma-spotlight-series-2020/registration)

WEBINAR: HOW A RETROFIT SOLUTION CAN HELP STATIONS EASILY ENABLE EMV AT THE PUMP

The recent EMV forecourt deadline extension (to April 2021) gives a little more time for stations that need to upgrade pumps to support EMV, but it will be here before we know it. Now is the time to evaluate options and make an informed decision. Join us for our upcoming webinar -- How a Semi-integrated, Retrofit Solution can Easily and Cost-effectively Enable EMV at the Pump—Nov. 4 at 2:00 p.m. ET. Join us as we share installation examples, field case studies and how it could be the solution for you.

A retrofit, semi-integrated payment solution is cost-effective and helps eliminate touch points at the pump with contactless capabilities. The lower price is much more manageable for stations even during this time.

Can't attend the webinar or prefer a one-on-one to learn about retrofit solutions? We would love to set up a call! Reach out at petrosales@soundpayments.com or call 844-319-5635. Stay connected with us through social media and visit our website soundpayments.com.

WPMA COVID-19 - CRITICAL REFERENCES FOR MEMBERS

Please visit our web site for up-to-date information related to your business and the COVID-19 pandemic. You will find the link on our home page at www.wpma.com.

MEMBERS AND ASSOCIATES - YOU CAN CONTRIBUTE!

WPMA welcomes industry-related articles for publication in the WPMA News magazine. All members and associate members of WPMA are eligible to submit items for publication. Articles will be included as space allows, and no self-promoting articles or editorials will be accepted. WPMA reserves the right to edit and make adaption of such contributions to accommodate the magazine's space and style. Please submit articles or content to Jan Roothoff, WPMA Administration/IT Director at janr@wpma.com, or mail to Jan Roothoff, Western Petroleum Marketers Association, PO Box 571500, Murray, UT 84157-1500. Submissions for the Winter edition of WPMA News magazine are due before November 1st. Later submissions will be considered for the Spring issue.

WPMA EXPO

February 16-18, 2021. The Mirage Las Vegas, Nevada.

MARK YOUR CALENDARS FOR UPCOMING EVENTS

February 16-18, 2021 – WPMA Convention & Expo – Mirage Hotel– Las Vegas, NV
March 15, 2021 – Hawaii (HPMA) Golf Tournament – Oahu Country Club – Honolulu, HI

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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: "*Doing nothing is hard. You never know when you are done."*