Virginia Petroleum Convenience and Grocery Association

update

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New Methods for Measuring Propane, LNG Used as Alternative Motor Fuels

From PMAA

The federal highway bill passed last year adjusts the federal excise tax on liquefied natural gas (LNG) and propane (LP) used in motor vehicles. **These changes are effective January 1, 2016.** The new law adjusts the federal excise tax rates for propane and LNG used in vehicles so that both fuels are now taxed on an energy equivalent basis rather than a volumetric basis. The new law establishes the following energy equivalencies for each fuel:

- ***Diesel Gallon Equivalent*** - One diesel gallon equivalent (DGE) is equal to 6.06 pounds of LNG
- ***Gasoline Gallon Equivalent*** - One gasoline gallon equivalent (GGE) is equal to 5.75 pounds of propane and 5.66 pounds of CNG

Fuel Type	**Current Excise Tax Rate**	**New Tax Rate (Jan. 1, 2016)**	**Impact of Amendment**
Propane	$0.183 per liquid gallon	$0.183 per GGE	Propane is taxed on an energy content basis that is equal to gasoline, rather than a volumetric gallon
LNG	$0.243 per liquid gallon	$0.243 per DGE	LNG is taxed on an energy content basis that is equal to diesel, rather than a volumetric gallon

CNG	$0.183 per GGE	$0.183 per GGE	No change from current tax rates

The IRS told PMAA that it will be issuing a revised Form 8849 outlining the changes by the end of January.

Residential Energy Efficiency Tax Credit Reinstated thru 2016

One of the provisions of the Omnibus federal spending bill passed last month is a renewal of the Residential Energy Efficiency Act. We thank PMAA staff who worked with congressional leaders to restore these credits which had expired in 2014. The new law provides that credits are available retroactively for purchases made January 1, 2015 through December 31, 2016. The credit is for the purchase of high efficiency heating, cooling, and water heating equipment. The maximum credit any one homeowner can receive is $500 and the new equipment must be installed at the primary residence of the applicant. Following are the heating, cooling, and water heating equipment that are eligible. Here are the progams and crecit caps:

- advanced main air circulating fan: $50
- natural gas propane or oil furnace or hot water boiler with an annual fuel utilization rate of 95 or greater: $150
- electric heat pump water heater with an energy factor of at least 2.0: $300
- electric heat pump which achieved the highest efficiency tier established by the Consortium for Energy Efficiency: $300
- central air conditioner which achieves the highest efficiency tier established by the Consortium for Energy Efficiency: $300
- natural gas, propane or oil water heaters which either have an energy factor of at least 0.82 or a thermal efficiency of at least 90%
- biomass stoves that use "plant derived fuel available on a renewable or recurring basis", including agricultural crops and trees, wood and wood waste and residues including wood pellets, plants including aquatic plants, grasses, residues and fibers : $500

For more information on the program, visit http://www.energystar.gov/taxcredits.

PMAA Successful in Fight to Kill Tank Wetline Retrofit

From PMAA

In a major win for petroleum marketers, the U.S. DOT's Pipeline and Hazardous Materials Safety Administration (PHMSA) announced this week it is withdrawing a proposed rule that would have banned the transportation of flammable liquids in unprotected product piping (wetlines) on new and existing cargo tank vehicles. According to PHMSA, the notice of proposed rulemaking (NPRM) "Hazardous Materials: Safety Requirements for External Product Piping on Cargo Tanks Transporting Flammable Liquids," is being withdrawn due to a recent Congressional mandate in the new highway bill preventing its implementation. PHMSA originally issued the proposed wetlines rule at the urging of the National Transportation Safety Board (NTSB) who has long advocated for improvements in product line safety. However, shortly after the proposed rule was published, the Government Accountability Office (GAO) released a report critical of the methodology and data used to support the rulemaking. The GAO noted that PHMSA's regulatory analysis had not adequately addressed the market uncertainty with regard to the technology to be used to address the safety hazards from ruptured wetlines. The GAO Report was a result of the 2012 highway bill that prevented the wetlines mandate from moving forward until a report was released.

PMAA worked vigorously to defeat the wetlines mandate since it was first proposed by PHMSA in 2005. PMAA argued against the wetlines proposal in face to face meetings with DOT regulators, in written comments to the agency, at the White House Office of Management and Budget (OMB) and at a number of public forums. PMAA also helped finance and develop a comprehensive analysis of cargo tank accident data which demonstrates that many of the fires and explosions PHMSA blamed on ruptured wetlines were actually caused by leaks elsewhere in the cargo tank shell or fuel systems of other vehicles in a multi vehicle accident. PMAA also took a leading role in winning support among members of Congress for an amendment in the recently passed highway bill that prevents PHMSA from moving forward with the wetlines rule altogether. PMAA's grassroots effort resulted in a lifecycle cost savings of at least $8,000 per vehicle for marketers as a result of the mandated withdrawal of the proposed rule.

While PHMSA is withdrawing the rulemaking in accordance with the Fixing America's Surface Transportation (FAST) Act, the agency will continue to examine this issue, particularly by monitoring flammable liquid wetlines incidents, "in consideration of any future actions," the notice states. These likely future actions include "non-regulatory initiatives."

2016 Membership Directories On the Way

Members will receive their 2016 Membership Directory in the mail shortly. Inside of the 72 page directory, readers will find updated information on fellow members, associate members and suppliers. Special thanks go to our many advertisers who help us defray the costs of publication.

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