



# update

Michael J. O'Connor, President

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## UST Regulations Adopted by Water Board

Meeting in Richmond last Wednesday, the Virginia Water Control Board adopted final underground storage tank regulations mandated under Underground Storage Tank legislation laws passed by Congress in 2015. We are pleased to report that the regulations included many of the changes recommended by your association and PMAA. In fact PMAA's regulatory counsel, Mark Morgan prepared an analysis of the Board's action on our suggested revisions. To read a copy of his report, [click here](#). To view the U.S. EPA UST System Walkthrough Inspection Requirements, [click here](#). During testimony to the Water Board last week we urged that they help assure that additional changes suggested by VPCGA that were not adopted be included in implementation guidance documents. Tank program Director Betty Lamp agreed and an advisory board will be formed to assist petroleum markers with compliance issues. Importantly, the compliance deadline was extended until January 1, 2021.

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## Elizabeth McCormick Elected Board Chair of VA Propane Gas Association

During the summer meeting of the Virginia Propane Gas Association, held last week at the Hilton Virginia Beach, Elizabeth McCormick of Phillips Energy, Gloucester, was elected as Chairman of the Board of VAPGA. At Phillips, Elizabeth oversees the financial and administrative operations, manages new product development for the propane appliance division, and coordinates all the company's philanthropic efforts. Congratulations Elizabeth!

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## **EPA Releases RFS Proposed Rule**

*From PMAA*

The EPA released a proposed rulemaking to implement the federal Renewable Fuel Standard (RFS). Congress adopted the RFS in 2005 and expanded it in 2007. The program requires oil companies to blend increasing volumes of renewable fuels with gasoline and diesel, culminating with 36 billion gallons in 2022. The EPA's proposed rule assigns 2018 renewable volume obligations (RVOs) for ethanol and cellulosic biofuel and biomass-biodiesel mandates for 2019. The proposed volumetric blending mandates call for:

- Maintaining the current 15 billion gallon ethanol volumetric blending mandate for 2018. This mandate covers ethanol derived from corn and other renewable sources.
- Reducing the current 311 million gallon cellulosic biofuel volumetric blending mandate to 238 million gallons for 2018. This mandate covers fuel considered the "next generation" ethanol.
- Maintaining the current 2018 biomass-based diesel volumetric blending mandate of 2.1 billion gallons for 2019. This mandate covers biodiesel most often made from soybeans, vegetable fats and animal fats.

PMAA continues to oppose volumetric ethanol blending mandates for gasoline that would require the introduction of gasoline with a 15 percent ethanol content (E15) until all practical and legal compatibility issues with UST systems are settled. Most USTs in service nationwide are not compatible with gasoline blends exceeding 10 percent ethanol content (E10). Currently, it is illegal under EPA regulations and state fire laws to put E15 into existing UST systems designed for maximum E10 service. The cost to convert existing UST systems is beyond the reach of most petroleum marketers. PMAA believes the most effective way to solve the compatibility issue is to cap the maximum amount of ethanol blended into gasoline at 9.7 percent. The proposed 2018 blending mandate for ethanol requires a 10.3 percent blend. However, blenders have thus far been able to keep ethanol content below 10 percent through the purchase of RIN credits. The EPA also noted that the use of E0 in 2016 was higher than the EPA had assumed in setting the 2016 standards.

The proposed rule also seeks input on possible manipulation of the RINs market and ways to improve the program to ensure credit trading stability. The EPA stopped short of proposing any change that would move obligated party status from refiners to blenders. PMAA is currently neutral of the issue of moving the point of obligation under the RFS and is instead focused on pursuing an ethanol blend cap to hold content at 9.7 percent.

EPA also said that it was interested in stakeholder comments on biodiesel imports and noted the U.S. Commerce Department's antidumping and countervailing duty

investigation aimed at biodiesel imports from Argentina and Indonesia. The investigation is in response to a complaint filed by the domestic biodiesel industry which argues that subsidized biodiesel from Argentina and Indonesia have forced U.S. producers out of their home market.

PMAA will submit written comments supporting volumetric requirements for biodiesel but call for the agency to use their general waiver authority to reduce the ethanol mandate to a level below E10. PMAA will continue to emphasize the dire economic and fuel supply consequences of moving beyond E10 blends without resolution of the UST compatibility issue.

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## **Annual Meeting Registration Open**

Be sure to register soon for the association's 69th Annual Meeting at the Omni Homestead Resort, September 24-26.

[Click here](#) to enter our registration site and view other detailed information. We encourage spouse participation as there are no additional charges for spouse registration.

Hotel reservations at The Homestead must be made by September 5 to guarantee our group rate. [Click here](#) for room reservations.

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## **Catterton Memorial Golf Tournament Sponsorships**

We are accepting applications for sponsorships at the Catterton Memorial Golf Tournament being held September 25 at The Homestead during the 69th Annual Meeting. Sponsorships vary from tournament sponsors to various types of hole sponsorships. For more information and/or a form, [click here](#).

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## **Thank You to PMAA Donors To Date - Your Support Needed**

We want to thank the following individuals for their contributions to the PMAA Federal Political Action Committee. This is the only time of the year when we solicit the membership for contributions which helps members of the Virginia delegation as well as other Members of Congress on key committees impacting petroleum marketers.

Bob Claytor  
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If you are not on this list and would be willing to contribute, please make out your personal check in the amount of \$125.00 payable to PMAA PAC and send to:

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