

## INSIDE THIS ISSUE:

<b>Government Affairs Report</b>	1
<b>Fracking Benefits</b>	2, 3
<b>Infrastructure</b>	4
<b>Oil Sands</b>	4
<b>NJ Opposes Pipeline</b>	5
<b>M&amp;A Report</b>	6, 7
<b>EPA to States</b>	8
<b>EPA to States Cont.</b>	9
<b>Energy Revolution</b>	10
<b>Energy Independence for the U.S.</b>	11
<b>RPM Act Introduced</b>	12
<b>Crude Summit</b>	13
<b>Trump Abandons TPP</b>	14, 15
<b>Keystone XL Moving Forward</b>	16
<b>Energy Changes with Trump</b>	17

*Service Station Dealers of America and Allied Trades*

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## Early 2017 Government Affairs Report

By Roy Littlefield



Donald J. Trump is now President of the United States of America. The President thus far has used executive orders to address Obamacare, cutting regulations, boosting energy exploration, and adopting a far more aggressive trade-enforcement posture.

SSDA-AT is currently lobbying on estate tax reform, individual tax reform, business tax reform, Obamacare repeal, infrastructure funding, and marketplace fairness.

On January 11, SSDA-AT Representatives met with U.S. Congressman Lou Barletta (R-PA) to consider legislative options to finance President Trump's major infrastructure initiative.

Congressman Barletta, who serves on the Transportation and Infrastructure Committee, was one of the first members of Congress to endorse then candidate Trump, later chaired his Pennsylvania Campaign, and was recently considered for the position of Secretary of Transportation.

Congressman Barletta is an outspoken supporter of President Trump's proposal to spend \$1 trillion on the nation's infrastructure. He believes to fully fund it, money should be directed from the Treasury, current taxes should

continue and new and sustainable taxes (such as increase in the motor fuel tax) must be found.

Early in the month, SSDA-AT attended the State of American Energy where Jack Gerard, API President and CEO, outlined The State of American Energy and the role of the oil and natural gas industry in economic growth, job creation and energy security. Gerard spoke about America's energy independence and the prospects moving forward. He also spoke on the need to cut back on regulations hurting businesses and the need to invest in infrastructure.

SSDA-AT has written to Senate Majority Leader Mitch McConnell and Senate Democratic Leader Charles Schumer urging a timely and bipartisan vote in support of the Regulatory and Accountability Act 2017 (RAA). The House of Representatives recently passed the bill with a bipartisan vote of 238-183.

SSDA-AT believes that federal regulations should be narrowly tailored, supported by strong and credible data and evidence, and impose the least burden possible, while implementing congressional intent.

The sole focus of the Regulatory Accountability Act is to make sure that agencies, for the costliest regulations, take the time to implement Congressional intent, not the intent of the agency. In short, it allows Congress and the public to reassert control over the federal regulatory bureaucracy by holding agencies more accountable for their decisions, and allowing for regulations that are better-tailored to achieve their purpose without unnecessary burdens on stakeholders.



## Study Finds Net Benefit for Fracking Communities

Communities near hydraulic fracturing activity see notable economic benefits but are harmed in other areas, such as crime rate and pollution, according to a recent study published by the Energy Policy Institute at the University of Chicago.

The study, published in December, found shale development at the community level raised the average household price by roughly \$1,300 to \$1,900 per year, after factoring in quality-of-life costs, driven by a 10 percent increase in employment and a 7 percent increase in average income.

The Marcellus Shale area was one of the largest beneficiaries. Housing prices near the nine shale basins analyzed increased by an average of 6 percent, and the Marcellus Shale region saw the second-largest increase in prices at 9 percent. The largest increase belonged to North Dakota's Bakken Shale formation, at a massive 23 percent.

But the report said fracking also introduced costs to these communities. The study's four authors estimated the typical household's quality of life was reduced by about \$1,000 to \$1,600 annually after fracking occurred, factoring in more noise and air pollution, beliefs regarding negative health effects and higher crime rates despite an increase in public safety spending.

The study factored in the commercial viability of each shale — the higher meaning more potential for community development — and the variations in each shale community, such as crime and pollution, that determine quality of life through data purchased from the international gas and oil consulting company Rystad Energy.

The economic effects of fracking varied widely by community, and the authors were not able to pinpoint exactly why some areas fared better.

Increased fracking activity in the Haynesville Shale area of Texas and Louisiana hit the communities the hardest, with households seeing a net negative impact of \$1,800 per year. The Eagle Ford Shale area of Texas also saw a decrease in household prices.

Unsurprisingly, shale communities saw job growth in natural resources and mining, construction and trade and transportation services, according to the study. There were slight drops in government employment and business service jobs.

The study said some groups that would not be connected to fracking-related jobs, such as unemployed students and senior citizens or those who don't own mineral rights to their property, wouldn't see benefits from any economic boom.

"The heterogeneity in effects lends support to the idea that local communities should have a voice in decision making about fracking," said Princeton's Janet Currie, a co-author of the report, in EPIC's news release about the study. "It will also be important to think about whether it is possible to compensate individual people in local communities who experience the costs of fracking without participating in the benefits."

The authors concluded, however, that fracking is a net positive for the communities affected by it.

*Continued on page 3*

## Study Finds Net Benefit for Fracking Communities

*Continued from page 2*

"This data indicates that the average local benefits from hydraulic fracturing outweigh the costs, though this may change as more information about the environmental and health impacts of hydraulic fracturing is revealed," the authors wrote in their research summary.

Environmental advocacy groups and energy companies have been clashing for years over whether economic growth from fracking is worth the trouble of environmental risks and an over-reliance on energy. West Virginia has heavily relied on natural gas output in recent years, and its economy suffered when gas prices dropped.

In 2015, natural gas production overtook coal as the nation's primary source of electric power generation.

Natural gas pipeline proposals are being introduced and debated across the country, including the Atlantic Coast Pipeline, which would pass through national forests in West Virginia.

Fracking proponents argue that expanding and exploring shale formations is a way to drive West Virginia out of its budget shortfall and bring it up to speed economically with the rest of the country. Anne Blankenship, director of the West Virginia Oil and Natural Gas Association, wrote in a Daily Mail Opinion commentary that the industry "is a foundation of our state's economy" and pays more than \$1.5 billion in total wages.

Jim Kotcon, chairman of the West Virginia chapter of the Sierra Club, an environmental organization, said the report's conclusion "seriously overestimates" benefits seen in fracking communities. He added that out-of-state gas companies have the most to gain and do not compensate those affected by environmental and social disturbances, such as a reduction in air quality or water contamination.

"It's clear that, in fracking, there are economic winners and losers," Kotcon said. "People that are living in these areas will hurt the most."



## Infrastructure Budget Option

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continue and new and sustainable taxes (such as increase in the motor fuel tax) must be found.



## Trudeau says the Canadian oil sands needs to be 'phased out'

Canadian Prime Minister Justin Trudeau sparked anger in the oil-rich province of Alberta on Friday for saying Canada needs to phase out the oil sands.

Trudeau told a town-hall meeting in Peterborough, Ontario that they can't shut down the oil sands tomorrow but they need to phase it out eventually.

The prime minister was asked about his government's approval of pipelines and whether that was consistent with the promise to reduce greenhouse gas emissions. He said there needs to be a transition off dependence on fossil fuels.

Trudeau's comments caused outrage on social media and criticism from Alberta politicians. Premier Rachel Notley said the oil sands are not going anywhere any time soon.

Alberta opposition leader Brian Jean said the oil and gas industry provides thousands of good-paying jobs and if Trudeau wants to shut it down he'll have to go through him and four million Albertans first.

Alberta has the third-largest oil reserves in the world.

Jason Kenney, a former federal Conservative minister and leadership candidate for Alberta's provincial Conservative party, said the oil sands represent trillions of dollars of future wealth for Canadian families.

"That's our ability to pay for pensions, health care, and infrastructure and education. It also represents hundreds of thousands of good paying jobs for working, middle-income families," Kenney said.

## 4 Ex-Governors Oppose New Jersey Natural-Gas Pipeline Plan

Four former governors are renewing their objections to a proposed natural gas pipeline cutting across the ecologically sensitive Pinelands region to fuel a southern New Jersey power plant at the center of one of the biggest jobs-versus-environment clashes in recent state history.

Democrats Brendan Byrne and Jim Florio and Republicans Christie Todd Whitman and Tom Kean sent a letter Friday to the New Jersey Pinelands Commission, saying nothing has changed since the commission failed to approve the pipeline in 2014.

But the commission's executive director unilaterally ruled that it could proceed. An appeals court sent the matter back to the commission for a new vote, which has not yet been scheduled.

The pipe would fuel a power plant in Cape May County that is switching from coal to natural gas.

"We share a deep commitment to the Pinelands as one of New Jersey's most precious resources, and to the Pinelands Comprehensive Management Plan as the nation's most successful program to save vulnerable natural resources in the context of a crowded and vibrant state," the governors wrote. "Because the development is materially unchanged, this concern is equally true today as it was in 2014."

The governors sent a similar letter to the commission in 2013 urging them to reject the proposal. The current governor, Republican Chris Christie, supports the pipeline.

It has been hotly fought by environmental groups, who fear it will harm the fragile Pinelands and set a bad precedent for development

there. They said it will cause a loss of some habitat, as well as increase runoff and erosion in an area home to an aquifer estimated to hold 17 trillion gallons of some of the nation's purest water.

Business and labor groups support the pipeline for the jobs it would create and because it would create a second source of fuel to the southern New Jersey region. The pipe would bring gas to the B.L. England power plant in Cape May County that's switching from coal to natural gas as part of an agreement with the state Department of Environmental Protection.

The gas company maintains that in addition to providing a cleaner fuel source to the power plant, the new pipeline would provide a second transmission vehicle for natural gas to thousands of customers in Atlantic and Cape May counties. There is only one pipeline right now that takes gas to nearly 29,000 homes and businesses, which could be left out in the cold without a second means of getting gas to their homes if the existing pipeline fails.

The pipeline would run from Maurice River Township in Cumberland County to the power plant in Upper Township, mostly under or alongside existing roads.



## M&A report reveals positive year ahead for US shale

Oil prices aside, the year ahead for shale oil plays in the U.S. appears to be bright. Andrew Dittmar, an upstream analyst at PLS, a Houston-based information and transaction advisory firm, believes we are already seeing or soon will see signs of a positive year for activity and production throughout the Permian, Bakken, Eagle Ford and SCOOP/STACK plays of the U.S.

PLS recently released a 2016 review assessment and 2017 primer of the merger and acquisition activity possible throughout nearly every U.S. shale play. Compared to 2015, the M&A market increased by 117 percent in 2016. Brian Lidsky, managing director at PLS, said during the downturn in oil prices that started in 2014, the industry focused on three areas: decreasing costs, increasing recoveries and performing capital discipline.

Those efforts during the downturn have helped shift the price at which oil producers need oil to trade at in order to maintain profitable—the breakeven price—to much lower levels than in 2014.

PLS's review of M&A activity clearly shows that of all the regional specific shale plays in the U.S., none has seen as much interest or investment as the Permian Basin of West Texas and Eastern New Mexico. The Delaware Basin, an oval-shaped portion of the Permian's western edge, was proclaimed "the play of the year" by PLS. Fresh equity poured into the region last year to the tune of \$18 billion as companies moved in to buy Tier 1 acreage in the counties of Reeves, Pecos and Loving.

According to PLS, those buyers fortunate enough to be on the winning side of a Dela-

ware Basin purchase should be well positioned in a rising oil price environment. Until a full recovery happens, producers there should be more equipped to thrive at current prices as anyone in the U.S. Breakeven economics throughout much of the region are well below \$40 per barrel and moving product to market is much cheaper than other places.

Deals in the Permian and the Midland Basins accounted for 39 percent of all deals that happened in 2016, according to PLS's data.

Dittmar said his team could see the moves piling up throughout the year and they knew before their recent assessment of 2016 had been released that the big story of the year would be the amount of activity that took place in the Delaware. "People knew there was a lot of oil there [in the Delaware]," he said. "It has the same stacked pay zones as the Midland but it is a little more technically challenging and it took them longer to crack the code on it."

In 2016, he added, "it looks like they cracked that code."

The ability, or new understanding, of unconventional oil producers to work through the challenges of the Delaware essentially created a land rush in 2016.

According to Dittmar, acreage costs went from less than \$10,000 per acre at the start of 2016 to a range of \$30,000 to \$50,000 per acre by the end of the year.

The rush in the Delaware happened for multiple other reasons as well. Entering the Delaware was easier for new entrants or

*Continued on page 7*

## M&A report reveals positive year ahead for US shale

*Continued from page 6*

players to the region, as opposed to the Midland Basin which has a long history of oil production by established operators. The areas also had already commenced unconventional development prior to 2014.

Wall Street was also very receptive to provide private equity to companies looking to acquire massive acreage blocks, Dittmar said. "Companies have been able to fund larger deals through equity, as opposed to cash on hand or going to their credit lines," he said.

Although the Permian dominated 2016 for the M&A activity storyline, Dittmar expects the other major plays to make headlines in 2017. Deal activity in both the Bakken and the Eagle Ford climbed in 2016 compared to 2015. "We expect those plays to be big winners when we come into 2017.

As confidence builds in oil prices that we are going to hold above \$50/b, we are going to see more interest in the oil plays and there will be less to buy in the Delaware Basin," Dittmar said.

"Buyers are going to need to look into other plays. They are cautiously optimistic. They don't want to be left behind on a great buying opportunity as we move into higher prices," he added.

Already, the signs are there that value exists in places like the Bakken or Eagle Ford. Oasis Petroleum, a Bakken pure-play operator was able to raise private equity from Wall Street overnight for the purchase of a large bolt-on acreage block. (The seller in the deal, SM Energy, is selling all of its Williston Basin assets to focus solely on the Midland Basin, where it has acquired several new assets throughout 2016).

Enerplus, a Calgary-based operator also largely leveraged to the Bakken, was also able to sell some acreage for a high value, another sign that acreage values have recovered in places other than the white-hot Permian, Dittmar said.

Advancements in reservoir analysis, completion strategies and drilling efficiencies will also help make 2017 a good year for shale. Such advancements will allow some companies to focus on more than just what they consider Tier 1 acreage.

Good well results that match the necessary initial rate of return metrics for wells drilled and completed on prime acreage can now happen on Tier 2 acreage, something Dittmar said operators didn't think was possible in 2014 or 2015.

In addition to its recent M&A assessment report, Dittmar's team keeps an updated database of the largest deals or volume of deals throughout every play. "We look at these deals every day.

We see them as they come out," Dittmar said. "We have a good feel of what a final report will look like." According to Dittmar, although the 2017 report hasn't been written yet, the signs point to a positive year for shale.



## Scott Pruitt Could Tip Regulatory Power From EPA to States

State regulators could see more autonomy and a new seat at the table as the Environmental Protection Agency drafts federal regulations under Oklahoma Attorney General Scott Pruitt, President-elect Donald Trump's pick to run the agency.

Pruitt has conceded the federal government does play a role in protection of the environment, particularly when pollution crosses state lines, even though he has joined challenges to just such regulations offered by the Obama administration.

"I believe the EPA has an important role to play in our republican form of government. There are clearly air and water quality issues that cross state lines and sometimes that can require federal intervention," Pruitt said during a House Science Committee hearing in May 2016. "At the same time the EPA was never intended to be our nation's foremost environmental regulator. The states were to have regulatory primacy."

Pruitt, who will appear before the Senate Environment and Public Works Committee for his confirmation hearing Jan. 18, could tip the balance of power on environmental protection toward states. As attorney general, Pruitt has fought back against federal regulations he argues encroach on state authorities—even setting up a federalism division in his office—and has questioned the EPA's primacy when protecting the environment.

"What does turning more authority back to the states look like to states? What it looks like is flexibility and respect for state decision making and state choices. Right now, I would say there's room for improvement," Alexandra Dapolito Dunn, executive director and general counsel of the Environmental Council of the States, told Bloomberg BNA.

### EPA Scaled Back as States Take Lead

Nick Loris, an energy and environment-focused economist for the Heritage Foundation, told Bloomberg

BNA he supports Pruitt's apparent approach to have states lead environmental protection efforts.

The EPA should ensure states comply with existing rules and shouldn't add regulations such as those addressing carbon dioxide or other greenhouse gas emissions, Loris said. If they must, such as if it is court ordered, they should work with states to be reasonable, and in certain cases, such as statute-required regulations, Congress could step in and alter the law, he said.

"There is certainly a need for legislative reform to our environmental statutes to empower states," Loris said.

Additionally the EPA should steer clear of addressing local or regional challenges, Loris said. That means programs such as the Great Lakes Restoration Initiative should be cut, he said. In this newly limited role, the EPA's funding could be significantly reduced, he said.

States won't need more funding necessarily to shift into the front seat—just to be more strategic in their enforcement efforts and in reducing regulatory burdens, Loris said.

States, however, will be looking for increased funding if they are to take a lead on environmental regulation. If Pruitt is serious about delegating more authority to the states, he should also request proportional funding increases for his agency's State and Tribal Assistance Grants program, Dunn said. If doing this doesn't appeal to Pruitt—typically Republicans are loath to increase the EPA's budget for any reason—Dunn said an alternative could be to remove restrictions on how states can spend their existing federal grant money.

"The alternative to not enough resources has to be allowing states to be in more significant control of their workload and their priorities," she told Bloomberg BNA.

### Federal Rules a Backstop

## Scott Pruitt Could Tip Regulatory Power From EPA to States

Though Pruitt has said the role of the EPA should be to address pollution crossing state lines, former state environmental regulators said he has previously challenged such federal regulations. The regulators, in a Jan. 16 letter to the Senate environment committee, pointed to Pruitt's fights against the cross-state air pollution rule and the interstate air pollution rule as an example of this.

With federal regulation and enforcement, it is more difficult for industry to shop around states for the least stringent environmental rules, Eric Schaeffer, executive director of the Environmental Integrity Project and past director of the EPA's civil enforcement office, told Bloomberg BNA.

Pruitt, however, has touted the expertise of state officials.

"I reject, in fact, I find it offensive, that regulators in Washington believe that regulators in the states somehow aren't interested in the air that we breathe and the water that we drink in our respective places that we call home," Pruitt said during May 2014 remarks at a Federalist Society event in Washington, D.C. "I reject that utterly. In fact, I would say to you that Washington, EPA, other agencies that are involved in these areas could learn a lot with respect to the expertise of the states."

### Speedier Plan Approvals

A Pruitt EPA may be less inclined toward "pushing the states around," William Yeatman, a senior fellow at the Competitive Enterprise Institute, told Bloomberg BNA. This could mean speedier approvals of state plans to implement environmental regulations and more deference to how states go about meeting those goals. That would be in contrast to an Obama EPA that was quick to issue federal plans instead, Yeatman said.

For example, Pruitt in 2011 launched an unsuccessful legal challenge against the EPA's disapproval of Oklahoma's regional haze plan. Pruitt argued that the EPA's disapproval of that plan and decision to implement a federal plan for improving visibility in national parks and protected areas "usurped the right" of Oklahoma to set its own energy policy.

The U.S. Court of Appeals for the Tenth Circuit sided with the EPA in a 2013 opinion (*Oklahoma v. EPA*, 723 F.3d 1201, 77 ERC 1047, 2013 BL 191593, (10th Cir. 2013)).

### How Cooperative is Pruitt's Federalism?

Yeatman predicted Pruitt would also be extremely deferential to states, even those that choose to pursue policies on greenhouse gases, while Dunn said a key area to watch in the coming months is how strongly Pruitt would advocate on behalf of states in a key area of water regulation.

Though the Clean Water Act allows states to ask for regulatory authority over the dredging and filling of their wetlands, Dunn said the Army Corps of Engineers has often denied these requests. Currently, only two states have successfully taken over wetland regulation from the federal government, though Dunn said many others have tried.

She would like to see Pruitt work harder than his predecessors did to try to persuade the Army Corps on this issue.

"This is where, if [he] is truly about getting authority to states that desire this authority, here's a classic example where he can show leadership," she said.

Some lawmakers and advocacy groups have praised Pruitt precisely for his approach to cooperative federalism, including Republicans such as Senate Majority Leader Mitch McConnell (Ky.).

## U.S. oil and gas lobby calls for industry-led energy revolution

The leading oil and gas lobbying group in the United States called on leaders in Washington to release the reins of regulation for the sake of the nation.

"It is our view that regulations that do not align with those basic and commonsense goals should be reexamined, revised or removed to make way for smarter and forward-looking energy policies," Jack Gerard, the president and CEO at the American Petroleum Institute, said in an annual address in Washington.

The incoming administration of Donald Trump has vowed to make it so the United States is no longer dependent on other countries for its natural resources. Trump, in a statement outlining his energy policies, envisions a United States that's a net energy exporter by encouraging more onshore and offshore energy production.

The API, which lobbies on behalf of the oil and gas industry, said Trump's administration could unravel regulatory burdens standing in the way of a more robust U.S. energy sector. By Gerard's estimate, more than 140 regulations or executive actions were enacted under President Barack Obama that work against, not for, the industry's objectives.

Total U.S. oil production when Obama entered office in 2009 was 5.3 million barrels per day. The U.S. Energy Information Administration estimates a 2016 average of 8.9 million bpd, a 66 percent increase.

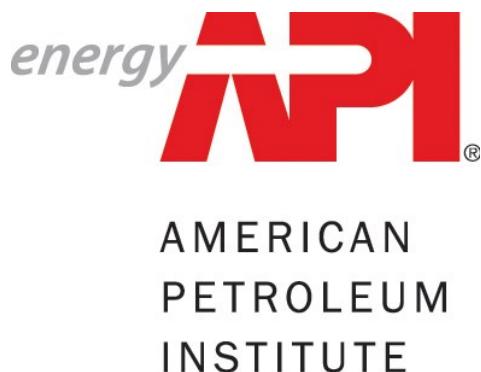
Naomi Ages, a climate attorney for the U.S. branch of Greenpeace, said in a statement

sent to UPI that Trump would likely stack his Cabinet with industry leaders from the private and energy sectors to help push policy in favor of the oil and gas business. Rex Tillerson, a former CEO at Exxon Mobil and nominated secretary of state, has a record of close cooperation with the API.

Gerard estimates about 90 percent of U.S. territorial waters are off limits to oil and natural gas companies. If uncorked, he said it grow the economy by about \$70 billion per year.

"Just imagine what the industry could do to further benefit consumers, the economy and the environment if more of that energy were available for responsible and safe domestic production," he said in a statement.

In late December, the Obama administration joined the Canadian government in banning oil and gas work in Arctic and Atlantic waters. A report from the U.S. Energy Information Administration finds the Arctic basins alone hold about 22 percent of the world's undiscovered conventional oil and natural gas resources.



## U.S. Could Become ‘Energy Independent’ by 2026, Report Finds

The U.S. could become a net energy exporter by 2026 as crude oil and natural gas production continues to increase in the country, according to a new report.

The landmark achievement—often referred to as “energy independence” by politicians—means the U.S. would export more energy resources like crude oil than it imports.

The Energy Information Administration (EIA) report evaluates a number of factors that might affect the U.S. energy industry including the pace of technological growth, the level of economic growth and oil and gas prices.

In some cases, like fast-paced technology development, net exports would grow dramatically. In other cases, like low oil prices, net imports would expand.

The reference case, which assumes current regulations remain intact and trends continue, shows the U.S. exporting slightly more energy than it imports.

“Yes, the U.S. could be completely, I think the phrase used at one time was energy independent,” said EIA Administrator Adam Sieminski in a press conference announcing the report.

The surge in U.S. energy production is largely due to increased access to U.S. oil and gas re-

serves thanks to new technology like fracking that has made previously inaccessible areas relatively easy to develop.

Politicians on both sides of the aisle have long-hailed “energy independence”—including President-elect Donald Trump—as a key aim of a strong energy policy.

But economists and policymakers have debated the value of the term arguing that relying solely on U.S. energy resources would be unwise.

Instead, some experts argue that the country pursue policies that ensure energy security.

The report, an outlook for the entire energy sector looking forward to 2050, shows a massive decrease in electricity from coal-fired power plants even if Trump undoes the Clean Power Plan, the policy created by President Obama to discourage the use of coal-fired power plants.

At the same time, the use of natural gas, solar and wind to run power plants is expected to soar.



## RPM Act Gets a Fast Start in 2017

U.S. Representative Patrick McHenry (R-NC) and his colleagues reintroduced H.R. 350, the Recognizing the Protection of Motorsports Act of 2017 (RPM Act). The bipartisan bill, which was submitted for reintroduction on the first day of the new Congress, protects Americans' right to modify street cars and motorcycles into dedicated race vehicles and industry's right to sell the parts that enable racers to compete.

The RPM Act is cosponsored by 44 members of the U.S. House of Representatives. The bill ensures that transforming motor vehicles into racecars used exclusively in competition does not violate the Clean Air Act. For nearly 50 years, the practice was unquestioned until the EPA published proposed regulations in 2015 that deemed such conversions illegal and subject to severe penalties. While the EPA withdrew the problematic language from the final rule making last year, the agency still maintains the practice is unlawful.

SSDA-AT looks forward to working with Congress to enact the RPM Act and make permanent the Clean Air Act's original intention that race vehicle conversions are legal. We thank Representative McHenry and all the cosponsors for reintroducing a bill that will protect businesses that pro-

duce, install and sell the parts that enable racers to compete.

When the RPM Act was first introduced in 2016, racing enthusiasts and Americans working in the motorsports parts industry flooded Congress with nearly 200,000 letters in support of the bill. More than one-fourth of the U.S. House of Representatives joined as bill cosponsors as a result. However, the shortened election year schedule did not permit sufficient time for passage of the bill by the previous Congress.

"Last year I was proud to lead the fight against the misguided EPA regulation targeting racing, but our work is not done," said Rep. Patrick McHenry. "In the coming months, I look forward to working with my colleagues in Congress and the new Administration to ensure the RPM Act becomes law."

Motorsports competition involves tens of thousands of participants and vehicle owners each year, both amateur and professional. Retail sales of racing products make up a \$1.4 billion market annually. There are an estimated 1,300 race-tracks operating across the U.S., including oval, road, track and off-road race-tracks, the majority of which feature converted race vehicles that the EPA now considers to be illegal.

## Crude Summit: No sweeping change in US Energy Regs

State and local governments will play a bigger role in energy regulation but legislation will limit the new Trump administration from making sweeping changes to US environmental policy, Sutherland energy law attorney Jacob Dweck said.

An aggressive Republican administration led by president-elect Donald Trump could make administrative changes to the biofuel mandates broadly loathed by the refining industry, Dweck told the Argus Crude Summit in Houston, Texas. It could also mean a halt to US advocacy on global

greenhouse gas reductions.

Renewable energy growth would continue and other, more sweeping ideas, such as a restoration of the coal industry or

a reopening Atlantic and Arctic offshore areas for drilling, would falter.

"Clearly, some of Trump's actions are going to be helpful to various sectors of the fossil fuel industry, but I don't believe they represent a fundamental redirection," Dweck said.

The new administration would likely reduce the mandated volume of biofuels refiners, importers and other companies would need to ensure enter the US fuel supply in 2018 under the Renewable Fuel Standard. Volumes have been repeatedly reduced by the Environmental Protection Agency (EPA) over the past four years as advanced

biofuels production and gasoline demand both trail volumes assumed when Congress passed the current form of the Renewable Fuel Standard more than five years ago.

Other major ideas would require support from a Congress with which Trump already appears to be out of step.

Law cited by the departing Obama administration to close sections of the Arctic and Atlantic oceans off to offshore drilling was vague enough to require lengthy litigation to undo, Dweck said.



And the president-elect earlier this week criticized a signature tax reform that would pay for a corporate tax cut by increasing the cost of US imports. Such a proposal would roil US and global energy trade and al-

most certainly face retaliatory trade actions from other countries, he said.

The combination of a Trump administration and Republican Congress mean that so-called border tax idea would become a more common feature of tax reform discussions going forward, even if it may not pass soon, Dweck said.

"I think such a radical proposal really requires a lot more thought and analysis, and I think that's where we'll end up," Dweck said.

## Trump Abandons Trans-Pacific Partnership, Obama's Signature Trade Deal

President Trump formally abandoned the Trans-Pacific Partnership, pulling away from Asia and scrapping his predecessor's most significant trade deal on his first full weekday in office, administration officials said.

Mr. Trump sharply criticized the partnership agreement during last year's campaign, calling it a bad deal for American workers. Although the deal had not been approved by Congress, the decision to withdraw the American signature at the start of Mr. Trump's administration is a signal that he plans to follow through on promises to take a more aggressive stance against foreign competitors.

In other action on a busy opening day, Mr. Trump ordered a hiring freeze in the federal work force, exempting the military. And he reinstated limits on nongovernmental organizations that operate overseas and receive American taxpayer money from performing abortions. Republican presidents typically impose those restrictions soon after taking office, and Democratic presidents typically lift them when they take over.

The president's withdrawal from the Asian-Pacific trade pact amounted to a drastic reversal of decades of economic policy in which presi-

dents of both parties have lowered trade barriers and expanded ties around the world.

Although candidates have often criticized trade deals on the campaign trail, those who made it to the White House, including President Barack Obama, ended up extending their reach.

"We've been talking about this for a long time," Mr. Trump said as he signed a document formalizing his decision. The withdrawal from the trade pact, he added, is a "great thing for the American worker."

Aides signaled that Mr. Trump may also move quickly on renegotiating the North American Free Trade Agreement. He is scheduling meetings with the leaders of Canada and Mexico, the two main partners in that pact, first negotiated by the elder President George Bush and pushed through Congress by President Bill Clinton. Nafta has been a major driver of American trade for nearly two decades, but it has long been divisive, with critics blaming it for lost jobs and lower wages.

Mr. Trump outlined his views in his Inaugural Address on Friday, when he promised an "America First" approach to the world. "We must protect our borders from the ravages of oth-



## Trump Abandons Trans-Pacific Partnership, Obama's Signature Trade Deal

er countries making our products, stealing our companies and destroying our jobs,” he said. “Protection will lead to great prosperity and strength.”

He said that his policy would be to “buy American and hire American.”

The Obama administration arduously negotiated the Pacific trade pact over eight years. Under legislation passed by Congress, the accord could not be amended once completed, nor could it be joined without congressional approval.

Mr. Obama never submitted the partnership for approval, understanding that a defeat in Congress would be worse than leaving the deal in hibernation.

In discarding the Trans-Pacific Partnership, or T.P.P., Mr. Trump tacked away from his Republican allies in Congress who have long supported such trade agreements. Speaker Paul D. Ryan worked closely with Mr. Obama to pass legislation granting the president so-called fast-track authority to negotiate the trade agreement over the objections of many Democrats. But amid opposition, Congress never approved the deal itself.



The agreement brought together the United States and 11 other nations along the Pacific Rim, including Canada, Mexico, Japan, Vietnam, Malaysia and Australia, creating a free-trade zone for



about 40 percent of the world’s economy. It was intended to lower tariffs while setting rules for resolving trade disputes, setting patents and protecting intellectual property.

Mr. Obama and his Republican allies argued that the pact would open growing foreign markets to American businesses. But Democrats, ultimately including Hillary Clinton, even though she had helped push negotiations forward as secretary of state, said it would benefit wealthy corporations at the expense of workers and the environment.

Mr. Trump sided with them, and he beat Mrs. Clinton in crucial Midwestern industrial states like Michigan and Wisconsin that had traditionally gone Democratic but have been hurt by changes in manufacturing over recent decades.

The president’s action on the deal came the same day he met with business leaders in the morning and was set to speak with union leaders in the afternoon. He will also meet with congressional leaders of both parties and hold a separate meeting with Mr. Ryan.

## Trump takes action to move forward with Keystone, Dakota Access pipelines

President Trump moved two controversial pipeline projects forward by signing a pair of executive actions that could speed up approval of the Keystone XL and Dakota Access projects.

In an Oval Office ceremony, Trump said the actions would create new jobs in the United States, and that the pipelines should be built with U.S. steel and labor.

“We will build our own pipeline, we will build our own pipes, like we used to, in the old days,” Trump said as he held up one of his actions to television cameras brought into the Oval Office to broadcast the event.

The actions are a sharp turn from the Obama administration's policies, as the former president had rejected the Keystone pipeline and delayed Dakota Access.

These actions will not force the approval of either project, and Trump said he wanted to renegotiate terms with the pipelines' developers. Those terms may include some way for the United States government to get a financial return from Keystone, a possibility he mentioned on the campaign trail.

The orders fulfill campaign promises Trump made to move both pipelines forward. They will gain ardent support from the oil industry and the GOP but strong opposition from Democrats and environmentalists.

The two projects require different approvals. Keystone, which would run from Canada's oil sands in Alberta to the Gulf Coast in Texas, needs a presidential permit to build across the Canadian border. Dakota Access, developed by Energy Transfer Partners, needs an Army Corps of Engineers easement to build under Lake Oahe in North Dakota. Trump's orders will expedite both.

TransCanada Corp., the company developing Keystone, thanked Trump for his memo. “We are currently preparing the application and intend to do so,” spokesman Terry Cunha said in a statement.

Environmentalists on Tuesday vowed to remobilize the legal and grassroots forces that originally fought against the pipelines during the Obama administration.

Jane Kleeb, an anti-pipeline organizer who leads the group Bold Alliance, insisted Keystone is years away from completion, noting it still has to overcome landowner disputes in Nebraska and legal challenges to government decisions on the project.

Jan Hasselman, the Earthjustice lawyer representing the Standing Rock Sioux in its lawsuits against Dakota Access, said he expects to take the Trump administration to court if it approves the easement needed for constructing the project.

## Trump Aides Prepare List of Early Energy Changes

Donald Trump's advisers have prepared a short list of energy and environmental policy changes he can take now that he has been sworn in as president, including steps to limit the role that climate change plays in government decisions and speed the review of cross-border pipelines.

The list of actions Trump can take imminently includes nullifying former President Barack Obama's guidelines that federal agencies weigh climate change when approving pipelines, deciding what areas to open for drilling or taking other major actions, two people familiar with Trump's transition planning say.

Soon after Trump took the oath of office, an "America First Energy Plan" posted on the White House website that enshrined many of his campaign pledges as formal policy goals, including a commitment to eliminate



"harmful and unnecessary" regulations that throttle domestic development. Explicit targets for repeal include Obama's Climate Action Plan, which limits carbon emissions from power plants, and a water pollution rule.

"For too long, we've been held back by burdensome regulations on our energy industry," Trump's plan says, describing domestic energy production as critical to "achieving independence from the OPEC cartel and any nations hostile to our interests."

Trump also is being counseled, according to the people familiar with the planning, to suspend the government's use of a metric known as the social cost of carbon until it can be reviewed and recalculated, and to rescind a 49-year-old executive order that put the State Department in charge of permitting border-crossing oil pipelines.



## What's Next?

The Trump Administration has already began changing the content on the White House website and renaming the issue categories. At press time they are:

- America First Energy Plan
- America First Foreign Policy
- Bringing Back Jobs And Growth
- Making Our Military Strong Again
- Standing Up For Our Law Enforcement Community
- Trade Deals Working For All Americans

Notably, Trump's America First Energy Plan estimates that \$50 trillion in untapped shale, oil, and natural gas reserves – it states that America should “use the revenues from energy production to rebuild our roads, schools, bridges and public infrastructure.”

## New York Bill Introduced to Provide Single Plate for Historic Motor Vehicles

Legislation was introduced in the New York State Senate to provide that a historical motor vehicle which was not manufactured with a license plate display area on the front of the vehicle may display only a single plate on the rear of the vehicle.

Among other things, the bill would help protect the aesthetic contours of certain historic vehicles and relieve vehicle owners of the burden and expense of having to create mounting holes on some original bumpers.

The measure provides that the single-plate requirement would take effect January 1 in the year after enactment into law. The bill will be considered by the Senate Transportation Committee.



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