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Credit Card Swipe-Fee Legislation Introduced in U.S. House

Legislation sought by retail groups that proponents say will increase competition in the credit card market and lower processing fees for credit card transactions was introduced Monday in the U.S. House of Representatives.

The bipartisan measure joins a similar bill already introduced in the U.S. Senate and calls on the U.S. Federal Reserve to develop new regulations requiring banks with assets of more than \$100 billion to allow electronic credit transactions to be processed on at least two unaffiliated networks, with at least one of those being outside the control of Visa or Mastercard, according to Rep. Peter Welch (D-Vt.), one of the sponsors of the measure.

"In a well-functioning market there is competition and choice. That does not exist in our current credit card network market," said Welch. This bipartisan bill will correct that and bring much needed competition to the Visa-Mastercard duopoly. This long-overdue bill will help our small businesses thrive and lower household costs for families at a time when they really need it."

Visa and Mastercard control 83% of the general purpose credit card market and critics contend they use that power to enforce rules that keep independent card processing networks from handling credit card transactions. A 2010 law requires debit card transactions to be able to be routed to at least two unaffiliated networks for processing, but the rule does not apply to credit cards.

Swipe fees are among fuel retailers' biggest expenses and contribute to higher prices for consumers, adding about 75cts to a 10-gal fill-up, association advocates have said. Convenience store swipe fees were \$14 billion in 2021, 26% higher than the previous year, according to the National Association of Convenience Stores. Swipes fees were about 33% higher than that over the first half of 2022, NACS said.

The legislation would result in \$11 billion in annual savings, according to the National Association of Convenience Stores citing data from payments consulting firm CMSPI.

"These fees are simply outrageous because there is no competition," NACS President and CEO Henry Armour said in a statement Monday. "No competition means a lack of innovation and an open invitation for these large multinational corporations to continually increase rates and take advantage of a system that only benefits them."

The Electronic Payments Coalition, a trade group that represents - among others - the credit card companies, oppose the bill, saying there are no guarantees retailers will pass their savings on to consumers while warning that the

bill could lead to the end of popular credit card cash-back and reward programs.

The group also warns that increasing the number of companies processing customers' credit card transactions will increase privacy and security risks.

--Reporting by Steve Cronin

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NRF: Economic Data Does Not Support an Imminent Recession

Economic numbers may not look good, the National Retail Federation (NRF) does not see a recession looming around the next corner.

Despite two consecutive quarters of decline, the U.S. economy still does not appear to be in a recession and remains unlikely to enter one this year, NRF Chief Economist Jack Kleinhenz said on Aug. 2.

"Back-to-back contractions have heightened fear of a recession, but while the economy has lost momentum heading into the second half of the year, economic data is not yet consistent with a typical recession," Kleinhenz said.

"Our view is that while the economy is functioning at a slower pace it is likely to avoid a recession this year," he added. "Despite ongoing uncertainties, we believe the underlying strength of the economy is strong enough to deal with inflation and keep a recession at bay — or short-lived even if we are wrong."

Kleinhenz's remarks came in the August issue of NRF's Monthly Economic Review (MER), which noted that gross domestic product (GDP) declined 1.6 percent year over year in the first quarter and 0.9 percent in the second quarter.

As NRF explained, two consecutive quarters of decline is a common informal indicator of a recession, but the official declaration is up to the National Bureau of Economic Research, which defines a recession as a significant decline spread across the economy. The bureau has yet to rule on whether the current downturn meets that definition.

Even with two quarters of GDP decline, private final sales to domestic purchasers — a key measurement of both consumer and business spending — remained in positive territory for the first half of the year, up 3 percent in the first quarter and flat in the second, the MER report said.

Other indicators including employment, retail sales, income and industrial production have seen slower growth, but none have contracted.

A critical indicator that could signal the onset of a recession would be a significant downturn in employment, Kleinhenz said. But the unemployment rate stood at 3.6 percent in June, nearly half a percentage point lower than the beginning of the year and only slightly above the 50-year pre-pandemic low of 3.5 percent seen in January 2020.

Additionally, payrolls grew at an average monthly rate of 539,000 in the first quarter and 375,000 in the second quarter. And retail sales as defined by NR, excluding automobile dealers, gasoline stations and restaurants to focus on core retail, were up 7 percent year over year in the first

six months of the year, according to the Washington, D.C.-based retail industry group.

However, even with strong economic indicators, Kleinhenz said "it is now clear that the world has changed" since the beginning of the year, citing factors that could not be anticipated earlier including the persistence of COVID-19, continuing supply chain challenges, the ongoing war in Ukraine and other issues that have driven the highest inflation rates in 40 years.

In light of headwinds, NRF adjusted several levers that affect its economic outlook, including:

- NRF now expects GDP to grow 2 percent for the year rather than 3.5 percent.
- Growth of the Personal Consumption Expenditures Price Index, the Federal Reserve's favored measure of inflation, is now expected to average 6.2 percent for 2022.
- The savings rate is expected to fall as consumers dip into their pandemic-era savings to pay for high food and energy costs as well as discretionary spending for travel and entertainment.
- NRF also factored in revised retail sales numbers released by the Census Bureau in April, which increased NRF's calculation of retail sales for 2021 to \$4.61 trillion rather than \$4.58 trillion.

Even with those adjustments, NRF continues to expect that 2022 retail sales will grow between 6 percent and 8 percent over 2021.

"At this juncture, the key concern remains inflation and the Fed's policy moves to contain it," Kleinhenz said. "As the central bank attempts to adjust monetary policy, it faces the dangers of continued inflation if it doesn't do enough and a recession if it goes too far. Consumer reaction to interest rate hikes is hardly immediate or predictable, making it impossible to judge the effect of the Fed's reactions in real time and quickly correct any oversteering."

US Inflation Rises Despite Lower Gasoline Prices

Inflation in the U.S. rose in August despite a double-digit drop in gasoline prices from July, the U.S. Bureau of Labor Statistics (BLS) reported Tuesday. Gasoline prices declined 10.1% from July but were up 25.6% from August a year earlier.

The Consumer Price Index for All Urban Consumers increased 0.1% in August on a seasonally adjusted basis after being flat in July. Over the past 12 months, the all-items index jumped 8.3% before seasonal adjustment, the BLS said.

For energy overall, the last 12 months saw a 23.8% increase in prices as of August, though down 5.0% from July. Fuel oil declined 5.9% month to month but was up 68.8% over the prior 12 months; energy services were up 2.1% from July and 19.8% year over year; electricity rose 1.5% from July and 15.8% from the prior year; and gas utility prices rose 3.5% in July and 33.0% from the prior year.

The decline in gasoline offset substantial increases in shelter, food and medical care indexes, the BLS reported. The food index continued to climb, increasing 0.8% over July as the food-at-home index rose 0.7%.

--Reporting by Donna Harris

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July US Vehicle Traffic Drops Below Pre-Pandemic Level: DOT Data

U.S. vehicle traffic in July fell below the level in the same month in 2019, according to data from the Department of Transportation's (DOT) Federal Highway Administration, as high gasoline prices prompted motorists to drive less.

In its latest Traffic Volume Trends report that released data for July, DOT said total vehicle miles, which measure travel on all U.S. public roads and streets, was at 286.6 billion.

That was down around 2% from a revised 292.7 billion vehicle miles for the same month in 2019, when COVID-19 was not a factor. It also marked a second consecutive month that vehicle miles fell below the same month three years ago. Compared with July 2011, that was sharply below the 296.4 billion at that time.

On a seasonally adjusted basis that makes month-to-month comparison meaningful, July vehicle miles were 0.4% lower compared with June's level.

Matthew Blair, head of chemicals and refinery equity research at Tudor, Pickering, Holt & Co., described the latest DOT data as "not as especially encouraging" and said it came in line with other traffic data that also suggested weak performance for July.

Blair, however, said that vehicle traffic has improved in both August and September.

According to OPIS DemandPro data, which surveys more than 35,000 gas stations across the U.S., average station gasoline volumes in July were 19.5% below July 2019 levels, and in August they were 19.7% below August 2019. For month to date in September, however, that deficit in average gasoline demand has improved to 15.3% below September 2019.

Even though average U.S. gasoline prices have retreated from a high of \$5.016/gal in mid-June, July's average retail prices remained sharply above historical norms.

--Reporting by Frank Tang

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Fuel Industry Groups Push for Private Investment in EV Charging Stations

NACS, NATSO and SIGMA are working together to incentivize the nation's existing refueling locations to incorporate electric vehicle (EV) charging stations into their operations as part of the National Electric Vehicle Infrastructure (NEVI) Formula grant program.

The three fuel retailing groups urged the U.S. Department of Transportation (DOT) to implement the NEVI grant program to drive policies that will positively shape the future of EV fast-charging markets. In total, NACS, NATSO and SIGMA represent more than 150,000 refueling locations nationwide.

"Retail fuel companies are capable of single-handedly eliminating range anxiety," said David Fialkov, NATSO executive vice president of government affairs. "All they need is a level playing field and an opportunity to generate a modest return. EV charging availability at existing retail fuel locations will mean drivers do not need to change their refueling habits if they choose not to. They can refuel on-the-go with the same safe, reliable service and amenities that they enjoy today."

Fuel retailers encouraged the U.S. DOT to:

Flexibly administer the requirement that states locate EV charging stations every 50 miles along designated corridors. Refrain from regulating or capping revenue earned from private sector operation of a NEVI-subsidized EV charging station.

Establish a transparent and uniform pricing structure across the charging station network, requiring NEVI-funded charging operators to display and base the price of electrical charge in dollars per kilowatt hour. A uniform, transparent pricing structure would allow consumers to compare offerings throughout the country.

Bringing private investment to EV charging will lead to more of the infrastructure that drivers need," said Doug Kantor, NACS general counsel. "To do that, the NEVI Program should move the country toward a competitive EV charging market with a multitude of retail businesses in all parts of the country having the opportunity to invest and earn a profit.

"Encouraging private investment will mean state-of-the-art chargers in convenient locations with competitively low prices alongside the types of amenities that drivers have come to expect while they refuel," Kantor added.

Additionally, fuel retailers requested the U.S. DOT:

Encourage states to allow EV charging station operators to sell electricity to EV drivers without being regulated as a utility. In many states, utilities are opposing efforts by prospective charging station operators to generate their own electricity to power their charging stations.

Require states to consider driver safety and convenience by locating chargers at sites that have on-site employees to call emergency personnel when needed and offer amenities that attract other highway travelers. Co-locating charging stations with 24/7 amenities will invariably make consumers more comfortable purchasing an EV without concern for undue safety risks when refueling.

Avoid bureaucratic hurdles that would inadvertently depress the market for electric vehicle charging. The "Buy America" provision, for example, requires charging station equipment to be manufactured in the United States yet virtually no equipment on the market today meets the "Buy America standards." Such requirements would significantly delay charging projects.

"If NEVI investments are made without any effort to drive necessary policy and market reforms, the program will result in charging stations being placed in undesirable locations and likely operated by site hosts with limited incentive to provide consumers with a positive charging experience," said Richard Guttman, chairman of the SIGMA board of directors. "This ultimately will dampen consumer interest in purchasing EVs as well as charging station innovation."

California Moves Closer to Banning Gas-Powered Vehicles by 2035

California's statewide ban on the sale of new gasoline-powered passenger cars and trucks in 2035 is one step closer to reality.

On Aug. 25, California Air Resources Board (CARB) approved the Advanced Clean Cars II rule that sets California on a path to rapidly growing the zero-emission car, pickup truck and SUV market, and deliver cleaner air and massive reductions in climate-warming pollution.

The rule establishes a year-by-year roadmap so that by 2035, 100 percent of new cars and light trucks sold in California will be zero-emission vehicles (ZEV), including plug-in hybrid electric vehicles (PHEV).

The regulation realizes and codifies the light-duty vehicle goals set out in Gov. Gavin Newsom's executive order established in 2020.

"Once again California is leading the nation and the world with a regulation that sets ambitious but achievable targets for ZEV sales. Rapidly accelerating the number of ZEVs on our roads and highways will deliver substantial emission and pollution reductions to all Californians, especially for those who live near roadways and suffer from persistent air pollution," said CARB Chair Liane Randolph.

"The regulation includes groundbreaking strategies to bring ZEVs to more communities and is supported by the governor's ZEV budget which provides incentives to make ZEVs available to the widest number of economic groups in California, including low- and moderate-income consumers," she added.

The regulation applies to automakers, not dealers, and covers only new vehicle sales. It does not impact existing vehicles on the road today, which will still be legal to own and drive, CARB outlined.

The new rule accelerates requirements that automakers deliver an increasing number of zero-emission light-duty vehicles each year beginning in model year 2026. Sales of new ZEVs and PHEVs will start with 35 percent that year, build to 68 percent in 2030, and reach 100 percent in 2035.

The Advanced Clean Cars II rule also takes regulatory steps to assure that ZEVs can be full replacements to gasoline vehicles:

By model year 2030, the rules require the vehicle to maintain at least 80 percent of electric range for 10 years or 150,000 miles. This is phased in from 70 percent for 2026 through 2029 model year vehicles. By model year 2031, individual vehicle battery packs are warranted to maintain

75 percent of their energy for eight years or 100,000 miles. This is phased in from 70 percent for 2026 through 2030 model years. ZEV powertrain components are warranted for at least three years or 50,000 miles.

According to CARB, by 2037, the regulation delivers a 25 percent reduction in smog-causing pollution from light-duty vehicles to meet federal air quality standards.

Additionally, the standard delivers multiple benefits that grow year by year, including:

By 2030, there will be 2.9 million fewer new gas-powered vehicles sold, rising to 9.5 million fewer conventional vehicles by 2035.

In 2040, greenhouse gas emissions from cars, pickups and SUVs are cut in half.

From 2026 through 2040 the regulation cuts climate warming pollution from those vehicles a cumulative total of 395 million metric tons. That is equivalent to avoiding the greenhouse gases produced from the combustion of 915 million barrels of petroleum.

Sacramento-based CARB's mission is to promote and protect public health, welfare and ecological resources through effective reduction of air pollutants while recognizing and considering effects on the economy. CARB is the lead agency for climate change programs and oversees all air pollution control efforts in California to attain and maintain health-based air quality standards.

US Study Suggests Acute Need for Electric Vehicle Chargers

With the number of electric vehicles on U.S. roads expected to grow more than tenfold from 2021 to 2030, the country could require 1.8 million charging stations in eight years, according to new research from the Fuels Institute Electric Vehicle Council conducted by S&P Global Mobility.

Even now -- with EVs a small percentage of overall vehicle registrations -- the U.S. has only about half of the public chargers necessary to meet demand, and the lack of charging stations is the No. 2 consumer barrier to EV purchase behind vehicle price, S&P found.

The report forecasts more than 18 million EVs in operation nationwide by 2030, requiring an estimated ratio of 10 EVs per public charging station, though some high-demand areas such as California will require a smaller ratio.

There were 1.87 million plug-in hybrid and battery-powered vehicles in operation as of July 2021.

An overall ratio of 10 to 15 EVs to one public charger will provide a sustainable infrastructure when the surrounding housing offers home-charging access as it does in the United States, the research says.

However, in late 2021, the PlugShare EV drivers' app showed 95,290 charging stations nationwide, giving the U.S. a ratio of almost 20 EVs per station, the study points out. A ratio of 15 EVs to one electric vehicle supply equipment (EVSE) setup suggests the infrastructure is congested.

In some states with high concentrations of EVs, the numbers suggest there's an even greater charger deficit. The

ratio of EVs per station is 31.1 in Arizona, 30.2 in New Jersey, 29.0 in California, 21.5 in Texas, 21.1 in Illinois and 21.1 in Washington state. Two of 15 states with the most EV registrations are not among the 15 states with the most charging stations -- New Jersey and Arizona.

On a positive note, 2030 demand could be met with as much as 95% of the stations providing Level 2 AC (alternating current) chargers, which are much cheaper to install and maintain and provide a lower-cost charge than the Level 3 DC (direct current) fast chargers, the report concludes.

AC chargers supply current at a slower rate and require more physical stations and outlets per site to meet demand than DC fast chargers, which would be an issue for sites with smaller parking areas and in-and-out traffic. But DC fast chargers (DCFC) could be installed strategically in areas where motorists have lengthy commutes or road trips, the report found.

EV adoption varies across the country, and demand for chargers will be uneven, the report points out. S&P Global Mobility prioritized AC charging, especially in urban markets where space is limited and driving distances are shorter overall. Multi-unit housing where residents have limited access to home charging will require more public chargers.

"DCFC makes a bigger impact along highway interchanges and in suburban and rural areas where the opposite factors are at play: longer driving distances and more real estate to work with," the report says. A DCFC unit requires more space to operate than an AC charger.

Based on EV adoption and anticipated growth rates, electric vehicle station equipment installation should focus first on California, and next on highly populated states Florida, New Jersey, New York and Texas. The third priority would be states with minimal EV adoption today but high anticipated growth rates, and the last priority would be states with low to moderate adoption where growth is not much higher than the national average, the report says.

EV registrations dipped slightly before COVID-19 hit and early in the pandemic, but more recent figures suggest the downward trend has reversed, S&P said. California and other areas saw strong registrations from 2006 to 2021. Even when there was a national decline in EV registrations, about half the states overall saw 10.1%-35% increases, the report showed.

Earlier this year, the U.S. departments of Transportation and Energy announced nearly \$5 billion in funding under the National Electric Vehicle Infrastructure Formula Program to build out a national electric vehicle charging network. The program is designed to provide funding over five years to help states develop charging stations along designated alternative fuel corridors, particularly along interstate highways.

--Reporting by Donna Harris

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US Startup Raises Over \$1 Billion to Expand Commercial EV Charging Network

TeraWatt Infrastructure has raised more than \$1 billion to expand its electric vehicle (EV) charging network for commercial fleets across the U.S., the startup said Tuesday.

The investment came from funds managed by Vision Ridge Partners alongside existing financiers Keyframe Capital and Cyrus Capital, the company said.

TeraWatt works with fleets across light-, medium- and heavy-duty vehicles, leveraging a property portfolio that spans core metro areas, logistics hubs and key highway corridors, it said.

The company will use the newly raised funds to accelerate its next phase of expansion, focusing on the buildout of a growing portfolio of charging centers.

"Fleets are electrifying faster than ever, and we have been hard at work planning, building charging centers and scaling up to make this transition easier for fleets," TeraWatt co-founder and CEO Neha Palmer said in a statement.

Recent studies have suggested that the U.S. charging infrastructure is inadequate.

Consumer research firm J.D. Power said in a report released in August that the rapid growth in EV sales last year had added stress to an already beleaguered public vehicle charging infrastructure in the country.

--Reporting by Abdul Latheef

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Pain at the Pump Continues to Ease

Drivers continue to benefit from falling gas prices due to a variety of factors.

A combination of lower oil prices, modest domestic gasoline demand and a thus-far quiet hurricane season is driving prices at the fuel pump down as summer shifts into fall.

The national average for a gallon of gas fell 7 cents in the past week to \$3.77 per gallon of regular gasoline, reported AAA.

"According to weather analysts, it's the first time in 25 years that a named Atlantic storm did not develop in August. That's the good news," said Andrew Gross, AAA spokesperson, "but we still have another month of peak hurricane season, and these storms can affect gas prices by disrupting oil production and refining."

Crude oil prices recently dropped on lackluster Chinese manufacturing output due to lower demand for goods and new COVID-19 outbreaks in critical industrial cities, according to AAA. This is driving concerns that oil demand could fall in China, now the largest importer of crude oil in the world.

Recent data from the U.S. Energy Information Administration (EIA) shows that domestic gas demand increased slightly from 8.43 million barrels per day to 8.59 million barrels per day over the last week. However, this rate is nearly 1 million barrels per day lower than the last week of August 2021. Additionally, total domestic gasoline stocks

decreased by 1.1 million barrels to 214.5 million barrels. Despite rising gasoline demand and tightening supply, lower oil prices led to falling pump prices.

If oil prices continue to decline, drivers will likely continue to see gas prices at the pump drop further, AAA predicted.

The current national average of \$3.77 per gallon is 31 cents less than one month ago but 59 cents more than one year ago.

The top 10 largest weekly decreases in the United States occurred in Vermont (15 cents), Connecticut (14 cents), Rhode Island (14 cents), Pennsylvania (14 cents), Massachusetts (13 cents), Maine (13 cents), New York (12 cents), Delaware (12 cents), New Jersey (12 cents) and Maryland (12 cents).

The top 10 least expensive markets are currently Texas (\$3.25 per gallon), Arkansas (\$3.25), Mississippi (\$3.26), Louisiana (\$3.30), Georgia (\$3.31), Oklahoma (\$3.34), Tennessee (\$3.36), Missouri (\$3.36), Alabama (\$3.37) and South Carolina (\$3.39).

At the close of the formal trading session on Sept. 2, West Texas Intermediate increased by 26 cents to reach \$86.87. Crude oil prices saw a slight increase at the end of the week due to the Organization of the Petroleum Exporting Countries (OPEC) and its allies, collectively known as OPEC+, reducing production by 100,000 barrels for October. However, prices still declined most of the week amid market concerns that demand for crude oil will fall of economic growth slows or stalls due to a recession.

During the current week, crude oil prices may continue to drop if demand concerns persist. Additionally, the EIA's latest weekly report indicated that total commercial crude inventories decreased by 3.4 million barrels to 418.3 million barrels.

NYMEX Overview: Crude Rises on Russian Supply Fears after Putin's Remarks

Crude oil futures pared gains but managed to close higher Thursday, supported by supply concerns a day after Russian President Vladimir Putin vowed to call up more troops in an escalation in Moscow's near seven-month invasion of Ukraine.

NYMEX ultra-low-sulfur diesel futures led the petroleum complex higher, rebounding from the previous session's loss. Diesel's outperformance could be related to the fact that Russia typically exports more distillates than gasoline.

November NYMEX West Texas Intermediate crude futures settled 55cts higher at \$83.49/bbl on CME Globex, the first increase in three days. December WTI rose 60cts to \$83.03/bbl. London-based Brent crude for November delivery climbed 63cts to \$90.46/bbl on ICE Futures Europe, and December Brent closed up 73cts to around \$89.53/bbl.

In early Thursday trade, WTI and Brent traded more than \$2/bbl higher.

News reports that China's refineries are increasing crude runs in October triggered a bout of strong early buying.

On Wednesday, Putin threatened to use Russia's nuclear weapons in response to the West's backing Ukraine. The Kremlin has also ordered the largest conscription since World War II to send reinforcements to its armies in Ukraine.

On refined product futures, front-month October ULSD gained 7.77cts to \$3.4115/gal, and the more-active November contract rose 5.92cts to \$3.3207/gal. October NYMEX RBOB rose 2.30cts to \$2.5095/gal on CME Globex. The November contract was 1.35ct higher at \$2.4260/gal.

On Thursday, the Bank of England raised its key interest rate by 50pts, which was less than some economists had expected, supporting riskier assets such as petroleum futures. The Federal Reserve on Wednesday raised the benchmark Fed Funds Rate by 75pts in a bid to slow economic growth and cool inflation.

In the cash markets, Chicago CBOB and RBOB premiums strengthened more than 20cts/gal due to supply concerns following a deadly fire Tuesday at the BP/Cenovus 160,000-b/d Toledo refinery in Oregon, Ohio.

In the West Coast, San Francisco CARBOB premiums jumped 30cts/gal to a fresh record \$2/gal premium over futures, following a string of refinery issues in Northern California.

--Reporting by Frank Tang

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US Northeast Distillate Stocks Below 5-Year Norm on Refineries, Russia: EIA

Distillate fuel oil stocks in some U.S. Northeast states are running sharply below their five-year averages because of global supply disruptions related to Russia's invasion of Ukraine and lower U.S. refinery production, the Energy Information Administration (EIA) said Monday.

In a Monday report, EIA said stocks of distillate fuel oil, which include diesel and heating oil, in New England states were at their lowest in several years as of June 2022, citing the agency's latest Petroleum Supply Monthly (PSM) report.

Among the six states in New England -- Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont -- distillate stocks ranged between 90% less than the five-year average in Vermont and 32% below average in New Hampshire at the end of June 2022.

EIA said distillate stocks can vary between neighboring states because each state has different needs and methods of supply. The agency said that it releases state-level inventory data, which measures stocks held at refineries, bulk terminals and natural gas plants, with a two-month lag as part of its PSM reports.

In 2020, residential consumers in the Northeast used about 2.6 billion gal of heating oil, which is equivalent to about 85% of total U.S. residential heating oil sales, according to EIA.

Among the five states in the Central Atlantic region, which includes Delaware, Maryland, New Jersey, New York

and Pennsylvania, distillate stocks ranged between 70% less than its five-year average in Maryland and 15% above average in Delaware as of end-June.

EIA said several factors have contributed to low distillate stocks in New England and Central Atlantic states.

"Russia's full-scale invasion of Ukraine has disrupted global distillate trade, creating a tight market for global distillate," EIA said.

EIA also cited the loss of supply since 2019 related to the closures of the Philadelphia Energy Solutions refinery in southern Philadelphia and the Come-by-Chance refinery in Newfoundland in Canada. In addition, reduced production capacity related to the COVID-19 pandemic at PBF Energy's Paulsboro refinery in Southern New Jersey also led to the decline in distillate stocks.

EIA said its monthly stocks exclude those held within the Northeast Home Heating Oil Reserve (NEHHOR) and New York State Strategic Fuel Reserve, which collectively can hold more than 1 million bbl of distillate fuel oil. NEHHOR was established in 2000, and stocks from the NEHHOR have only been released once, in November 2012, following Hurricane Sandy, according to EIA.

--Reporting by Frank Tang

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US Rail Strike Could Lead to Diesel Exhaust Fluid Shortages

A potential U.S. rail strike could lead to shortages of diesel exhaust fluid (DEF), according to several U.S. suppliers. DEF is required for medium- and heavy-duty vehicles with diesel engines produced after 2010, and severe shortages of DEF could sideline trucks, compounding ongoing supply chain challenges, some say.

Thousands of railroad workers are expected to strike Friday without concessions on pay and working conditions.

"The majority of DEF leaving production facilities for packaging is shipped by rail. A single railcar of DEF holds enough product to support 5 million miles of trucking," wrote Alan Apthorp, senior manager of corporate marketing for Mansfield Energy Corp., a large commercial fuel distributor, in a news bulletin aimed at commercial customers.

"DEF is already suffering from outages caused by rising European natural gas shortages, which caused one major DEF importer to dramatically raise its U.S. prices. With the market already facing tightness, a rail strike could be devastating for national DEF supplies," Apthorp said.

Supplies of DEF are already tight because of the energy crisis in Europe. Major global DEF manufacturer Yara announced in August that it would cut total European ammonia production to 35% capacity because of high natural gas prices. Ammonia is used to produce urea, the primary component of DEF. Sources said Yara has told U.S. customers to expect DEF shortages in the coming months.

A West Coast DEF distributor supplied by local producers said his supply is unaffected by the European

energy crisis, though shrinking imports have led to higher prices. He also said DEF rail prices have increased slightly as the threat of a rail strike nears. His price by rail is about \$1.90/gal, and he currently wholesales the product to commercial customers at just under \$3/gal for a 5,000gal load.

"Right now, we pretty much hear from our main manufacturer we do not have any issues with supply," he said, but if there's a strike "you never know."

--Reporting by Donna Harris

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ExxonMobil Expands Fleet Reach With New Partnership

Exxon Mobil Corp. signed network agreements with FLEETCOR Technologies Inc. to provide brand-wide acceptance of Fuelman and Comdata cards at more than 12,000 Exxon and Mobil stations across the United States.

Beginning immediately, Fuelman cardholders will be able to use their card at all Exxon and Mobil stations, gaining access to both Exxon Mobil's Synergy Diesel Efficient diesel fuel, which is fully formulated to help clean engines and deliver 2 percent better fuel economy.

Card members can also enroll in the Exxon Mobil Rewards+ loyalty program to earn points on fuel purchases, such as four bonus points per gallon on fuel when qualified as a Frequent Filler member.

Exxon Mobil Rewards+ points can be earned and redeemed on fuel, convenience store items and on car wash purchases. For every 100 points members earn, users can redeem for \$1 in savings.

"We're extremely excited about this relationship," stated Keagan Russo, president at Fuelman, a fuel expense management solution. "It improves our network coverage nationally, and further entrenches the Fuelman network as the standard for local fleets looking for the ideal mix of convenience, control, and savings."

Starting in 2023, Comdata trucking cards will also gain access to the same benefits as Fuelman cardholders at Exxon and Mobil commercial fueling stations.

"We are thrilled to accept all Fuelman card holders to fuel up at any of our over 12,000 Exxon and Mobil stations," said Austin Johansen, fleet marketing manager at ExxonMobil. "From convenient locations and quality fuel to a rewarding loyalty program that professional drivers can earn and redeem for personal use, we strive to enhance the fueling experience for fleet customers."

New Slim ATM Skimmers Surface in New York

Financial institutions in the New York City area have faced a "rash" of ultra-thin "deep insert" skimming devices that fit in the mouth of an ATM's card slot, according to the Sept. 14 issue of the KrebsOnSecurity newsletter.

The problem could surface at convenience stores and gas stations. ATM vendors say c-stores and gas stations are the most popular sites for ATMs behind banks.

The slim skimmers are coupled with tiny pinhole cameras disguised as part of the machine, reports Krebs. The cameras are embedded in a phony side panel and angled toward the PIN pad.

One of the skimmers found was about .68 millimeters tall, about half the height of a U.S. dime. That leaves space for most payment cards at about 0.54 mm and allows the machine to grab and return the customer's card.

"These skimmers do not attempt to siphon chip card data or transactions, but rather are after the cardholder data still stored in plain text on the magnetic stripe on the back of most payment cards issued to Americans," the report said.

With the skimmer extracting the mag stripe data and the camera capturing the four-digit personal identification number, or PIN, the thieves can clone payment cards to steal money from the victim's accounts at other ATMs.

NCR Corp., which makes ATMs, sells an "insert kit," which keeps current skimmer designs from being affixed to the card reader. The vendor also is testing a "smart detect kit" adding a standard USB camera that views inside the card reader and can identify fraudulent devices.

ATMs offering contactless payment are a solution because customers don't need insert their ATM card, the newsletter pointed out. They just tap the card against a wireless indicator.

"Skimming devices will continue to mature in miniaturization and stealth as long as payment cards continue to hold cardholder data in plain text on a magnetic stripe," said Krebs, adding many small businesses still rely on card swipe transactions.

--Reporting by Donna Harris

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Juul Labs Settles Multistate Sales & Marketing Probe for \$438M

Juul Labs Inc. reached a \$438.5 million agreement with 34 states and territories to settle a two-year investigation into the vapor company's marketing and sales practices.

In addition to the financial terms, JUUL agreed to comply with a series of injunctive terms limiting its marketing and sales practices, according to Connecticut State Attorney General William Tong. Connecticut led the investigation and negotiations along with Texas and Oregon.

"Connecticut led 34 states and territories in reaching this landmark \$438.5 million agreement with Juul that will end youth marketing and send millions of dollars to programs nationwide to drive down tobacco use," Tong said.

He added, through this settlement, the states have secured hundreds of millions of dollars to help reduce nicotine use.

In a statement on Sept. 6, Juul said the terms of the agreement are aligned with the current business practices it started to implement after our company-wide reset in the fall of 2019.

"With today's announcement, we have settled with 37 states and Puerto Rico, and appreciate efforts by Attorneys

General to deploy resources to combat underage use," Juul said.

FDA Review

The settlement comes as Juul is challenging the Food and Drug Administration's (FDA) marketing denial orders (MDOs) for its vapor products.

The company's JUUL products remain on the market while the FDA reviews its decision on the company's premarket tobacco product applications.

Settlement Terms

The states are in the process of finalizing and executing the settlement documents, a process that takes approximately three to four weeks. The \$438.5 million settlement will be paid out over a period of six to 10 years, with the amounts paid increasing the longer the company takes to make the payments. If Juul chooses to extend the payment period up to 10 years, the final settlement would reach \$476.6 million.

Both the financial and injunctive terms exceed any prior agreement Juul has reached with states to date, according to Tang's office.

As part of the settlement, JUUL has agreed to refrain from:

- Youth marketing,
- Funding education programs,
- Depicting persons under age 35 in any marketing,
- Use of cartoons,
- Paid product placement,
- Sale of brand name merchandise,
- Sale of flavors not approved by FDA,
- Allowing access to websites without age verification on landing page,
- Representations about nicotine not approved by FDA,
- Misleading representations about nicotine content,
- Sponsorships/naming rights,
- Advertising in outlets unless 85 percent audience is adult,
- Advertising on billboards,
- Public transportation advertising,
- Social media advertising (other than testimonials by individuals over the age of 35, with no health claims),
- Use of paid influencers,
- Direct-to-consumer ads unless age-verified, and
- Free samples.

The agreement also includes sales and distribution restrictions, including where the product may be displayed/accessed in stores, online sales limits, retail sales limits, age verification on all sales, and a retail compliance check protocol.

Altria Wins Patent Suit Against R.J. Reynolds Vapor Co.

A North Carolina jury determined that R.J. Reynolds Vapor Co. (RJR Vapor) must pay Altria Group Inc. more than \$95 million, finding electronic cigarettes from RJR Vapor's Vuse line infringed three Altria patents.

In the case of Altria Client Services vs. Reynolds Vapor Company, et al., the U.S. District Court for the Middle

District of North Carolina found that RJR Vapor violated three Altria patents covering the pod assembly used in Vuse Alto. The patents were awarded to Altria by the U.S. Patent and Trademark Office based on filings dating back to April 2015.

"Patents are at the core of innovation and we take very seriously protecting our intellectual property," said Murray Garnick, executive vice president and general counsel for Altria. "We are pleased that the jury recognized the importance of Altria's innovation and the value of its patent rights."

The jury awarded Altria \$95,233,292 in past damages through June 30, 2022. Post-trial proceedings will address ongoing damages through the expiration of the company's patents in 2035.

At trial, Altria urged the jury to find a royalty rate of 5.25 percent, which the jury accepted in returning its award of past damages.

As Convenience Store News previously reported, the Food and Drug Administration (FDA) issued marketing authorization orders for certain Vuse Alto and Vuse Vibe products to remain on the market. The move came about seven months after the FDA authorized Vuse Solo products in original flavor to remain on the market.

RJR Vapor, based in Winston-Salem, N.C., is an indirect subsidiary of British American Tobacco (BAT).

At the time, RJR Vapor's premarket tobacco applications (PMTA) for Vuse Alto continued to be under review and were still available for the U.S. market. That PMTA was submitted nearly a year after Vuse Solo, and five months after Vuse Vibe and Alto.

Those applications share foundational science, according to BAT.

Richmond-based Altria is "Moving Behind Smoking," leading the way in moving adult smokers away from cigarettes by taking action to transition millions to potentially less harmful choices. The company's wholly owned subsidiaries include manufacturers of both combustible and smoke-free products, including Philip Morris USA Inc., John Middleton Co., U.S. Smokeless Tobacco Co. LLC and Helix Innovations LLC.

Altria enhances its smoke-free product portfolio with exclusive U.S. commercialization rights to the IQOS Tobacco Heating System and Marlboro HeatSticks. The company also has an equity investment in Juul Labs Inc.

Additionally, Altria owns equity investments in Anheuser-Busch InBev SA/NV and Cronos Group Inc. The brand portfolios of Altria's tobacco operating companies include Marlboro, Black & Mild, Copenhagen, Skoal and on!.

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Summary of The Right to Equitable and Professional Auto Industry Repair (REPAIR) Act

The REPAIR Act (the Act) would preserve consumer access to high quality and affordable vehicle repair by ensuring that as vehicles continue to modernize, vehicle owners and their repairer of choice have equal access to repair and maintenance tools and data.

As vehicles continue to become more technologically advanced, effectively repairing and maintaining them requires access to data, software, compatible replacement components, training, and sophisticated diagnostic tools.

Current law is inadequate to address growing competitive concerns created by new technology, and the Act would seek to resolve current and future issues that prevent consumers and independent repair shops from being able to fully maintain and repair modern vehicles, while ensuring cybersecurity for critical vehicle systems.

Preserving Consumer Choice – The bill would ensure that as vehicles modernize, vehicle owners will continue to have choice when it comes to repair and maintenance: they can either do the work themselves, which is a necessity for many low-income households, or they can have their vehicle repaired for them by a franchised dealer or independent repair shop.

The legislation would prohibit impeding the vehicle owner or a repair shop from obtaining service information, tools, or parts, including the ability for a vehicle owner to choose aftermarket parts needed to fully maintain and repair a vehicle.

The bill would similarly prohibit certain actions recognized as unfair and anticompetitive practices in the repair industry and provide a fair process for identifying other emerging unfair practices in the future.

Providing Access to Critical Repair Tools and Information – The bill would ensure:

- That all tools, equipment, and critical repair information needed to repair a vehicle be made available to the independent repair industry at a fair, reasonable, and non-discriminatory price;
- That motor vehicle manufacturers utilizing wireless technology for the transmission of repair and diagnostic data, provide consumers and their designees (with permission of the vehicle owner) direct access to repair-, service-, diagnostic-, and prognostic-specific vehicle-generated data, and
- That vehicle manufacturers are prohibited from restricting vehicle owners and their designees access to on-board diagnostic and telematic systems unless the authorization process is standardized across all makes and models across the industry.

The Federal Trade Commission (FTC), in consultation with the National Highway Traffic Safety Administration (NHTSA), would designate an independent entity

responsible for the authorization process necessary for owners to share the data directly with third parties through standardized access platforms.

Ensuring Cybersecurity and Transparency – Effective cybersecurity and consumer transparency are the foundations of the Act:

-Cybersecurity – The bill would expressly ensure that vehicle manufacturers may maintain effective cybersecurity measures. Motor vehicle manufacturers would develop standardized access platforms for the motor vehicles they manufacture. These platforms shall be inter-operable and permit the secure communication of data directly from a vehicle to an owner or a third party that is authorized by the owner to receive the repair and diagnostic data.

The bill would also require the National Highway Traffic Safety Administration (NHTSA), in consultation with the FTC, to undertake a rulemaking ensuring that access to vehicle generated data via standardized access platforms meets appropriate industry standards for cybersecurity, data communication, and data management.

-Transparency – The legislation would provide a mechanism for informing vehicle owners that they can direct repair data from their vehicles to third parties, and whether data generated by their vehicles are being shared with such third parties (as directed by the vehicle owners) and/or the vehicle manufacturer.

Enforcement – The bill would provide an enforcement process whereby consumers and independent repairers can file complaints with the FTC regarding an alleged violation of the Act. If remedial action is not taken within a reasonable time specified by the FTC, the bill would direct the FTC to investigate the claim and issue an order within five months of the claim.

Ensuring Industry and Consumer Engagement – The bill would require the FTC to establish a Fair Competition After Vehicles Are Sold Advisory Committee comprised of impacted stakeholders including consumer advocates, motor vehicle manufacturers, trucking companies, independent repairers, dealership service centers, motor vehicle parts manufacturers, retailers and distributors, aftermarket parts and tools manufacturers, auto insurers, and others.

The Advisory Committee would advise the FTC on implementation of the Act and identify newly emerging issues impacting the competitiveness of the vehicle repair industry and consumers' control over their vehicle-generated data, including whether consumers should be able to share access to additional types of vehicle-generated data through the bill's framework.

Report to Congress – The bill would require the FTC to submit a biennial report to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Energy & Commerce of the House of Representatives providing a summary of investigations conducted and orders issued; actions being taken by the FTC

to adopt to changes and advances in motor vehicle technology in order to maintain competition in the motor vehicle aftermarket, recommendations for legislation that would improve the ability of the FTC and other agencies to protect consumers from unfair limits on competition in vehicle repair and a description of recommendations from the Advisory Committee that were not included in rulemakings and why the recommendations were not adopted.

Maintaining Consumer Choice in the Future – The bill would mandate that the FTC consider whether to update the Act’s consumer protections every three years based on advances in vehicle technology.

SSDA-AT supports the Right to Equitable and Professional Auto Industry Repair (REPAIR) Act (H.R. 6570) to protect the right to repair nationwide.

Proposed I-9 Rule Opens Door for Virtual Inspection

The U.S. Department of Homeland Security (DHS) announced its first proposed rule on the Optional Alternatives to the Physical Document Examination Associated with Employment Eligibility Verification (Form I-9).

The proposed rule does not include a detailed plan for virtual inspection of Form I-9. Instead, the proposed rule would “formalize the authority for the Secretary to extend flexibilities, provide alternative options or conduct a pilot program to further evaluate an alternative procedure.”

This is significant as it signals the administration’s openness to formalize COVID-19-era flexibilities and permit permanent remote inspection of employee identification and employment authorization documentation.