SSDA SERVICE STATION DEALERS OF AMERICA AND ALLIED TRADES

# SSDA News

*Service Station Dealers of America and Allied Trades*

VOLUME 36, ISSUE 6 — JUNE, 2022

## INSIDE THIS ISSUE:



# ACTION ALERT: Tell Congress to Pass the REPAIR Act!

By Roy Littlefield

This year, SSDA-AT has supported the introduction of H.R. 6570 , the Right to Equitable and Professional Auto Industry Repair Act, or the REPAIR Act, in the 117th Congress introduced in the House by Representative Bobby Rush (D-IL). This is the latest chapter in the Right to Repair fight with the vehicle manufacturers, to preserve competition in vehicle repair and maintenance. SSDA-AT has been working on adding co-sponsors to the legislation.

SSDA-AT is working with the Auto Care Association to allow for our members to send a letter to their member of Congress on this issue. The vehicle manufacturers and car dealers have about 250 lobbyists working for them – our side has nothing like it – that's why a strong grassroots initiative is the only way we win in this scenario.

We are providing this simple link that takes everyone right to the Take Action webpage.

Urge your lawmakers to put vehicle owners' interests first by supporting Right to Repair legislation for the auto repair industry.

As vehicle technology has advanced, new barriers to a competitive repair market have emerged. It's essential for American motorists that we break down barriers to vehicle repair, and that owners and their trusted independent repair shops have access to the critical information, tools, and parts needed to keep their cars or trucks on the road safer, longer.

RIGHT TO REPAIR LEGISLATION SHOULD:

- Protect a pro-consumer and competitive motor vehicle repair market;
- Provide independent repair shops with the rights to critical information, tools, and equipment needed to repair modern cars and trucks; and
- Task the National Highway Traffic Safety Administration with developing cybersecurity standards and guidelines to protect vehicle data and systems when repair and maintenance data is accessed by vehicle owners or their designees.

# Building a Successful Website


By: McKensie Curnow of Net Driven

Building your own website has become increasingly simple and inexpensive in recent years. Though easy and accessible, DIY websites do not guarantee a website that works well or leaves a lasting impression for your business and your audience.

Your website is a reflection of you and your business, so you're obviously going to want to build a strong, professional, and positive presence to attract customers. Taking the risk of building a website on your own is taking the risk of losing potential leads and damaging your business's reputation – we never get a second chance to make a first impression!

When you invest in a professional web design team, such as our team here at Net Driven, you're not only investing in the visual appearance and accessibility of your website, you also invest in expert advice, techniques, and best practices to create the best possible user experience. Spending less money and trying to do it on your own may seem like the easy way out, but let's dive into why it's important to give your business the professional auto service website design it deserves.

COMMON MISTAKES MADE BY INEXPERIENCED DESIGNERS

Poor Structure & Navigation

A website should be attractive, accessible, and easy to navigate; all in all, user-friendliness is vital. A site's content should be understandable and full of useful information without being cluttered. In today's day and age, people like quick and simple. If they can't find what they need without gaining a headache, they're going to leave your site and find a frustration-free one instead. At Net Driven, we know how to organize automotive websites in a way that makes sense for both the business owner and their potential customers.

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# NET DRIVEN

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Lack of SEO

If no one can find your website, what's the point in making the effort of creating one? Many rookie designers forget the importance of SEO, or Search Engine Optimization.

As a certified Google Partner, our team highly knowledgeable of automotive SEO and works hard to make sure your site gets found.

Missing CTA

Your website is one of the most powerful marketing tools for your business.

Not only does your website have the power to bring in new customers, it also helps current customers remain loyal if they find what they're looking for with minimal frustrations.

One of the main components of a great website is a clear CTA, or call-to-action.

A CTA is what converts website visitors into customers by driving them to purchase your good or service. If your website is missing a clear CTA, you'll lose sales and customers.

At Net Driven, our team ensures that every website offers conversion-focused responsive web design.

Using Free or Low-Cost Templates

Rookie designers are likely to use a free or low-cost template for their website.

While this may seem like an easy solution, it will make your website look generic and unconnected to your brand.

Your business is unique, your website should be, too. Our designers take the time to ensure each one of our automotive websites are exclusive to the client and capture the individuality of their business. As with any service or good, you get what you pay for.

Your money buys value, which in turn, will actually build your business's bank account in the long run.

Your company's website is no exception. If you want to leave a lasting, positive impression of your brand, leave website design to the professionals.

Still not convinced?

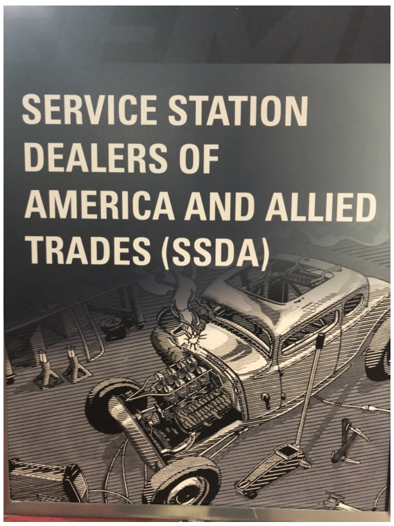
Check out our portfolio of the finest responsive web design in the automotive industry.

For further details, visit our solutions and packages pages.

## SSDA-AT Annual Meeting– Save the Date!

**SSDA-AT Annual Meeting- November 3, 2022**

**Location: Las Vegas Convention Center Room S-116 (South Hall)**




**3150 Paradise Road**

**Las Vegas, NV 89109**

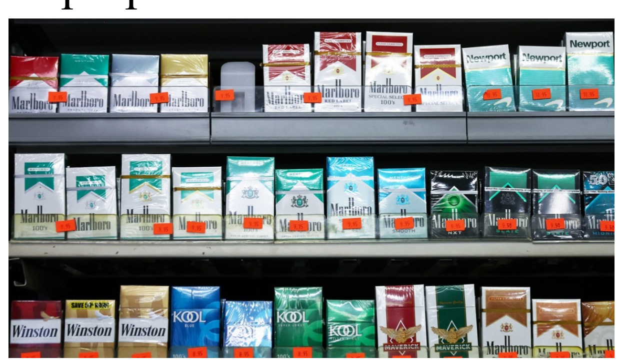
**9:30 AM- 12:00 PM**

**Agenda and details to follow!**

## Biden Proposes Ban on Menthol Cigarettes

The Biden administration proposed a national ban on menthol cigarettes, advancing a regulatory plan that could sweep from the market more than a third of all cigarettes sold in the U.S. The products represent more than $20 billion in annual sales.

Based on feedback from SSDA-AT members, we are opposed to the proposal.



# Natural Gas, Natural Fit: Proposed Funding to Boost Energy Supply, Help Michigan Farmers, Mitch Galloway

Proposed funding for natural gas will lower consumer energy bills, benefit the environment, and allow farmers to, possibly, make a few extra bucks.

That's according to Michigan energy leaders, who say supplemental funding in Senate Bill 565 and House Bill 5525 expands access to natural gas and creates more opportunities for Michigan farmers. As structured, $25 million will be available through grant opportunities for direct energy providers.

"We think it's a good opportunity for Michigan communities and farms," said Craig Degenfelder, executive director of gas strategy for the Jackson-based Consumers Energy.

"The grants would fund the planning, development and design for the construction of natural gas facilities, including renewable natural gas facilities."

The Michigan Public Service Commission will provide the grants, which will be available in about six months. Some of the application requirements include providing a cost-benefit analysis, showing a reduction in greenhouse gas emissions, and lowering customer energy burdens.

Examples of Michigan natural gas projects include Consumers Energy's Swisslane Farms $17 million biodigester project and DTE Energy's pending Thompsonville project, which could affect 1,500 customers and 350 businesses.

"This is an exciting opportunity for Michigan, and truly a win-win-win," said Robert Feldmann, vice president of gas sales and supply for the Detroit-based DTE Energy, which is committed to reducing greenhouse gas emissions to net-zero by 2050.

"Michigan residents can see much lower energy bills by using natural gas in their homes and businesses, the environment benefits as natural gas offers a significant reduction in greenhouse gas emissions compared to other fuel sources, and many Michigan regions will be made more attractive for businesses aiming to expand or relocate."

Feldmann noted that expanded renewable natural gas opportunities could also help customers reduce their carbon footprints. And it creates "exciting new opportunities for agriculture, especially dairy farmers," he added.

"We look forward to working closely with Michigan residents, businesses and elected officials to find opportunities that deliver the greatest possible value and keep us moving toward a cleaner energy future," Feldmann said.

Why natural gas?

Degenfelder told Michigan Farm News natural gas is the most affordable fuel choice for consumers. For example, he said natural gas runs below $9 MMBtu while propane approaches $14.

"You get substantial savings for customers switching to heat their homes and farms with natural gas," said Degenfelder, noting Consumers Energy is also committed to becoming carbon neutral by 2050. "There's an opportunity with renewable natural gas and the ability for propane users to attach to cheaper and cleaner fuel."

Degenfelder calls natural gas a "carbon-negative fuel."

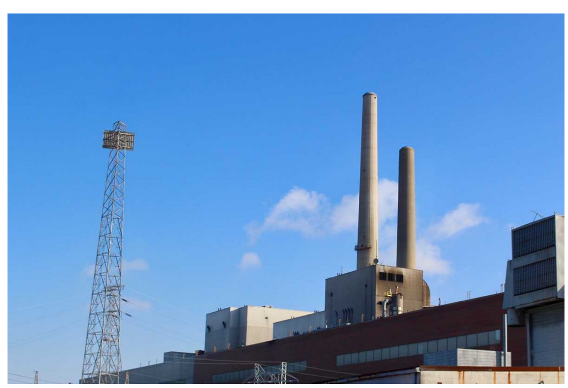
Agriculture industries targeted by energy providers for upcoming projects include livestock (methane digesters) and crops (feedstocks).

"This is a competitive process," said Winston Feeheley, manager of corporate and government affairs for DTE Energy. "It is a process where not only gas utilities can apply, but local units of government and even nonprofits. Folks who have a stake can put forth proposals. We're going to be looking at where there is support in the community — where there is customer support — and go from there."

The Swiss Lane Farms project in Kent County will convert manure into clean, renewable natural gas through a biodigester. It is expected to start production in 2023 and heat about 1,000 homes.

DTE's Thompsonville proposed project addresses a need several years in the making, Feeheley said.

"Farmers' support is going to be very crucial in where we're going to make the next investment," he said.



# Biden Administration Cancels Alaska Oil and Gas Lease Sale, CBS

The Biden administration has canceled one of the most high-profile oil and gas lease opportunities pending before the Interior Department. The decision, which halts the potential to drill for oil in over 1 million acres in the Cook Inlet in Alaska, comes at a challenging political moment, when gas prices are hitting painful new highs.

In a statement shared first with CBS News, the Department of the Interior cited a "lack of industry interest in leasing in the area" for the decision to "not move forward" with the Cook Inlet lease sale. The department also halted two leases under consideration for the Gulf of Mexico region because of "conflicting court rulings that impacted work on these proposed lease sales."

The Interior Department's Bureau of Ocean Energy Management has previously canceled lease sales in Cook Inlet three times — in 2007, 2008, and 2011 — also citing "lack of industry interest" at the time as the reason for scrapping the sales.

Federal law requires the Department of the Interior to stick to a five-year leasing plan for auctioning offshore leases. The administration had until the end of the current five-year plan — set to expire at the end of next month — to complete these lease sales.

Until now, the White House had remained silent about the massive Alaska lease. However, canceling the sale would be in keeping with political promises President Joe Biden made in the name of halting global warming. But those promises have become a political challenge in the face of prices at the pump.

"They don't want to get hit by the Republicans in light of the high gas prices," one environmental advocate told CBS News, speaking on the condition he not be named because of the sensitivity of the topic. "They're getting killed on attacks based on inflation. The most visible sign of inflation is high gas prices."

The delicate political situation was evident after a top environmental official showed her hand in an email that copied a CBS News reporter. Gina McCarthy, the White House national climate adviser, wrote that "the Cook inlet sale was canceled. It is not proceeding."

Almost immediately, another White House official jumped in to declare that McCarthy got ahead of herself. Interior Department officials said a final decision had not been made. On Wednesday, though, with time running out, the department made its announcement.

Frank Macchairola, a top official with

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## Biden Administration Cancels Alaska Oil and Gas Lease Sale, CBS

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the American Petroleum Institute, the country's largest oil and gas trade association, called the cancellation of the Cook Inlet lease "another example of the administration's lack of commitment to oil and gas development in the US."

"The President has spoken about the need for additional supplies in the market, but his administration has failed to take action to match that rhetoric," Macchairola said, adding that politically it would play "not well."

"In the kind of price environment that we're seeing, there are negative consequences to shutting off oil and gas development, both politically and practically," he said.

On May 11th, the national average price of regular gas hit an all-time high of $4.40, according to AAA.

For environmental groups, the decision was welcome news. The Alaska offshore lease arrangement would have opened drilling opportunities over a span of more than 1 million acres for 40 or more years of production. The new activity would have led to new underwater pipelines and platforms in the environmentally-sensitive area.

Drew Caputo, vice president of litigation for lands, wildlife and oceans for the environmental advocacy group Earthjustice, said more than a decade would pass before those leases could have had an impact on gas prices.

"It's good for the climate, which can't handle new oil and gas development," Caputo said. "It's good for Cook Inlet because offshore drilling is dangerous and disruptive. And it's good for the people of Cook Inlet, including native people, who cherish the inlet in its natural state. So it's a really good thing."

Still, any decision that worked against the interests of oil and gas involves political trade-offs. According to a recent CBS News poll, Mr. Biden's approval rating is lowest when it comes to the economy and inflation, with 69% of those surveyed disapproving of his handling of inflation. Sixty-five percent of respondents said they believed the president "could do more" to lower gas prices.

American Petroleum Institute senior vice president Frank Macchiarola said in a statement, "Unfortunately, this is becoming a pattern - the administration talks about the need for more supply and acts to restrict it. As geopolitical volatility and global energy prices continue to rise, we again urge the administration to end the uncertainty and immediately act on a new five-year program for federal offshore leasing."

But environmentalists argue the climate issue is too important to get caught up in political battles.

"The scientists are telling us the time to shift from fossil fuel energy is not years from now," Caputo said. "It's today. We need to end offshore oil leasing."

# NGI: 'Too Many Constraints' to Rapidly Boost Lower 48 Oil, Natural Gas Production, Experts Say

Lower 48 oil and natural gas production is on the rise, particularly in the Permian Basin, but shortages of labor, materials and equipment will prevent a rapid supply response to current market tightness, according to experts.

The Biden administration has called on U.S. producers to ramp up supply in order to lower gasoline prices and reduce global dependence on energy imports from Russia.

However, publicly traded and privately held producers alike will be hard pressed to achieve dramatic production increases over the near term, according to NGI's Patrick Rau, director of strategy and research.

"Based on public guidance and Wall Street consensus estimates, we estimate that U.S. publics are going to grow natural gas production at about 3% this year," Rau said on the latest episode of NGI's Hub and Flow podcast. Their privately owned counterparts will "grow faster than that, and they are adding rigs at a faster pace. But we think there are simply too many constraints in place right now that will prevent both publics and privates from increasing production too quickly in 2022."

The Energy Information Administration (EIA), for its part, is forecasting a 4% increase in U.S. dry gas output and a 7% increase in oil production in 2022 versus 2021.

One major constraint on supply is a lack of high-end, high-horsepower "super-spec" drilling rigs and qualified hydraulic fracturing crews, Rau said. "We note that there are a number of prominent oilfield service companies who are saying that capacity utilization for both those things right now is north of 90%, so there's only so many extra rigs and crews folks could add even if they wanted to add more."

Producers also can no longer rely on their inventory of drilled but uncompleted (DUC) wells, which have fallen dramatically. The DUC well count throughout the primary Lower 48 onshore basins stood at 4,273 as of March, down from 6,905 in March 2021, according to EIA.

### People, Rigs And Supplies

Exploration and production (E&P) firms also have cited pressure from investors as a factor limiting production growth, as shareholders have demanded that a greater percentage of cash flow from operations be returned to them, rather than reinvested as capital expenditure. Lower 48 E&Ps have obliged, and

# NGI: 'Too Many Constraints' to Rapidly Boost Lower 48 Oil, Natural Gas Production, Experts Say

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as a result the energy sector has significantly outperformed the S&P 500 over the last year.

Lower 48 E&Ps including Pioneer Natural Resources Co. and Devon Energy Corp., meanwhile, have pledged to limit annual production growth to 5% or lower, regardless of the oil price.

However, the notion of investor pressure as the primary factor holding back production is "outdated a little bit," Jeff Nichols, a partner at Haynes and Boone LLP, told NGI.* He said producers' "current limitation is people and rigs and supplies. With the price of oil as high as it is, they're currently doing everything they can to increase production."

Nichols explained that "a lot of people left the industry during the downturn. You need people, you need engineers to supervise these drilling projects."

Areas such as the Permian, the Eagle Ford Shale and the gas-rich Haynesville Shale are nonetheless seeing growth in drilling and production. The drilling rig counts in these three areas stood at 334, 60 and 67, respectively, as of Friday, according to the latest Baker Hughes Co. data. These numbers are up from 227, 33 and 45, respectively, a year ago.

Horizontal drilling permits for new wells in the Permian hit an all-time high in March, "driven by elevated oil prices and production demand," according to Rystad Energy.

As activity in the Permian continues to ramp up, natural gas takeaway capacity is "the topic du jour," Rau said. Like many analysts and E&Ps, he said new pipelines could be needed as soon as 2023. Any delays to building pipelines would increase the risk of weaker basis differentials for Waha natural gas prices in West Texas relative to Henry Hub, he said.

Privately held E&Ps are leading growth in the Permian, "but there are some prominent publics…increasing production there as well," especially majors like Chevron Corp. and ExxonMobil.

On the mergers and acquisitions (M&A) front, Nichols noted that "over the past 12 months, there's been a big story of assets moving from public to private hands. Our firm has been involved in several large deals where big packages of oil wells were transferred from the majors to small private companies that you've never heard of."

That may be changing though, Nichols said, "because the capital markets are starting to open up [and] more investors are coming back to the space. So looking forward, we may look forward to more M&A deals where private companies sell asset packages to public companies and private companies go public themselves."

# EIA: U.S. Shale Production To See Sizeable Increase In May

U.S. Shale production in the seven most prolific shale basins is set to increase 132,000 bpd in May to 8.649 million bpd, according to the Energy Information Administration's latest Drilling Productivity Report published on Monday.

It would be the largest monthly production increase since March 2020, according to EIA data.

The largest increase is expected to come from the Permian basin, increasing just 82,000 bpd from an estimated 5.055 million bpd in April 2022 to 5.137 million bpd next month. The EIA has forecast that the second largest gainer will be the Eagle Ford, which it expects will see an increase of 26,000 bpd, to 1.166 million bpd in May.

The EIA also estimated in the Drilling Productivity Report that Drilled but Uncompleted (DUC) wells had slipped from 4,387 in February to 4,273 in March—the lowest it's been in over a decade. The DUC count has been steadily declining in each of the previous 21 months, since July 2020 when the DUC count was nearly double what it is today.

Gas production is also set to increase in May 2022, from 90,105 mcf/d in April to 90,826 mcf/d in May, with the largest gains seen from Haynesville (245 mcf/d) and Appalachia (+197 mcf/d).

U.S. shale production has found itself in the spotlight since gasoline prices began rising last fall, as end consumers continue to bemoan high gasoline prices. The scrutiny on the industry has only intensified since Russia invaded Ukraine, as Russian crude and gas buyers look for alternate suppliers for their energy needs.

In the EIA's previous DPR, the agency had estimated that total production from the seven major U.S. shale basins would rise by 117,000 in April to reach 8.708 million bpd—191,000 bpd above where April figures actually landed.

By Julianne Geiger for Oilprice.com

NEW-WELL PRODUCTION PER RIG BY REGION | PRODUCTION BY REGION | DUC WELLS BY REGION

| | Oil production thousand barrels/day | | | Gas production million cubic feet/day | | |
|---|---|---|---|---|---|---|
| Region | April 2022 | May 2022 | change | April 2022 | May 2022 | change |
| Anadarko | 398 | 401 | 3 | 6,118 | 6,103 | (15) |
| Appalachia | 111 | 114 | 3 | 35,443 | 35,640 | 197 |
| Bakken | 1,169 | 1,186 | 17 | 2,932 | 2,959 | 27 |
| Eagle Ford | 1,140 | 1,166 | 26 | 6,298 | 6,408 | 110 |
| Haynesville | 34 | 34 | - | 14,527 | 14,772 | 245 |
| Niobrara | 610 | 611 | 1 | 5,254 | 5,257 | 3 |
| Permian | 5,055 | 5,137 | 82 | 19,533 | 19,687 | 154 |
| **Total** | **8,517** | **8,649** | **132** | **90,105** | **90,826** | **721** |

# CNN: Biden Administration Announces it will Resume Onshore Oil and Gas Lease Sales with Higher Royalty Rate

The Department of Interior announced it planned to resume onshore oil and gas lease sales on federal land, with a higher royalty rate for companies to pay to the federal government.

The Bureau of Land Management will issue sale notices on Monday for upcoming oil and gas projects.

The Biden administration had previously planned to hold the lease sale, but paused it after a judge blocked the administration from using a metric to quantify the economic harm caused by the climate crisis, such as sea level rise, more destructive hurricanes, extreme wildfire seasons and flooding. The Biden administration appealed that ruling and argued it necessitated a pause on all of the many projects in which the government used that particular analysis.

The royalty rate increase comes after the Interior Department issued a controversial report last November recommending that rates be increased for more of a return to taxpayers. The newly increased royalty rate is 18.75%, up from of 12.5%. It's the first time the federal government has ever increased what companies pay to drill for oil and gas on public land.

"For too long, the federal oil and gas leasing programs have prioritized the wants of extractive industries above local communities, the natural environment, the impact on our air and water, the needs of tribal nations, and, moreover, other uses of our shared public lands," Interior Secretary Deb Haaland said in a statement, adding the department would "begin to reset how and what we consider to be the highest and best use of Americans' resources."

The department also said it would focus on offering new leases near existing oil and gas infrastructure and will continue to disclose greenhouse gas emissions that would result from oil and gas drilling on federal lands.

Environmental groups blasted the move, saying the Biden administration is disregarding its promises on the climate crisis.

"The Biden administration's claim that it must hold these lease sales is pure fiction and a reckless failure of climate leadership," Randi Spivak, public lands director at the Center for Biological Diversity, said in a statement. "These so-called reforms are 20 years too late and will only continue to fuel the climate emergency. These lease sales should be shelved and the climate-destroying federal fossil fuel programs brought to an end."

Natasha Léger, executive director of Citizens for a Healthy Community, said restarting the lease sales will only lead to more climate disasters.

"The West is drying up and going up in flames. Between extreme drought, the shrinking of the Colorado River, and now urban wildfires in the winter, how much more death, destruction and devastation do we have to see before this administration takes action?" said Léger. "It's time for climate leadership and to stop leasing our public lands for oil and gas development. We need heroes to break through the political and economic inertia that has us on a collision course to inhabitability."

Varshini Prakash, the executive director of Sunrise Movement, said "it's never a good sign when the President announces something at 5pm on a Friday."

"This is why young people are doubting the political process altogether," Prakash said in a statement. "If Biden wants to solve for voter turnout in 2022, he should actually deliver on the things he promised, not move farther away from them."

A representative for the American Petroleum Institute, a powerful oil lobby, welcomed the action in a statement but said it didn't go far enough toward opening the country's federal land to drilling.

"At a time of high energy costs, these changes to long-standing fair and reasonable lease terms may further discourage oil and natural gas investment on federal lands," said Frank Macchiarola, the institute's senior vice president of policy, economics and regulatory affairs. "We look forward to seeing the additional details of the leasing proposal."

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

# U.S. Oil Pipeline Operators Gear Up For Higher Shale Output, Reuters

The volume of crude oil flowing on pipelines from the top U.S. shale field to export hubs on the U.S. Gulf Coast could surge to pre-pandemic levels by October, analysts said, signaling the end of desperate days for some Texas oil pipeline operators.

The pandemic doused a shale-oil pipeline construction boom that had added 2.5 million barrels per day export capacity from West Texas to hubs on the U.S. Gulf Coast. As oil prices collapsed in early 2020, that overcapacity led pipeline companies to provide cut-rate deals and sweetened terms.

Oil production in the Permian basin of West Texas and New Mexico is climbing toward a predicted 5.7 million bpd next year with U.S. crude trading around $100 a barrel.

That would still be below the capacity available on pipelines of about 6.6 million bpd, according to energy research firm East Daley Capital.

But the arb, or price at the coast compared to origination point in Midland, Texas, is widening again after contracting beginning in March 2020, an early signal of rising shipping prices.

U.S. crude at Magellan Midstream Partners' terminal in East Houston for January 2023 delivery is trading at an 80-cent per barrel premium to Midland, for the same month and $1 ahead of Midland by December 2023. The spread was at around half of that on Friday.

As Permian output rises, "spare capacity will begin tightening and tariffs to the water should return to a more normalized level," Willie Chiang, chief executive officer at oil pipeline operator Plains All American (PAA.O), said in a call with investors recently.

Magellan Midstream Partners LP (MMP.N), which operates the Longhorn oil pipeline and has stakes in several other running to the coast, told investors that given rising Permian oil output it may revisit its plans to convert its Permian to Gulf Coast oil pipeline to move natural gas or products.

Utilization of pipelines from the Permian to the Gulf Coast is set to rise to the pre-pandemic level of about 77% by October this year, and climb to 80% by the end of the year, estimates energy data provider East Daley Capital. It was around 70% in April.

Pipeline companies make most of their money from long-term contracts with producers and refiners that guarantee payment even if users do not ship the oil. During the pandemic, pipeline companies such as Magellan, Enterprise Product Partners (EPD.N) and Energy Transfer (ET.N) offered customers sweeter terms under existing contracts and agreed to reduce rates when those contracts are renegotiated. The goal was to preserve long-standing relationships with producers rather than force them to keep paying during the downturn.

Pipeline operators said they were still entering shorter-term contracts as spreads were low and they would switch to longer-term deals once the arbitrage picks up.

Oil rig counts in the Permian, an indicator of future production, have climbed 14% so far this year, according to data from Baker Hughes (BKR.O). More energy firms have also said they plan to raise capital spending for a second straight year in 2022 to add more rigs and boost production.

"I think this is a great story or a great position to be in as a midstream operator, in that they're not facing as much risk like a year or two ago, when the situation was pretty dire," said AJ O'Donnell, a director at East Daley Capital.

# The Hill: Biden Restores Some Environmental Permitting Requirements Loosened by Trump

The Biden administration moved to restore some of the environmental regulations governing infrastructure project permitting that were rolled back by the Trump administration.

The White House Council on Environmental Quality (CEQ) is finalizing its "phase 1" changes governing the implementation of the National Environmental Policy Act (NEPA), which requires environmental reviews for projects such as highways or pipelines.

The Trump administration axed or changed several regulations governing how NEPA is implemented, making changes that it said would speed up the permitting process — though critics argued they came at the environment's expense.

The Biden administration this week targeted a few changes made under Trump that it described as causing agency challenges and sowing confusion with the general public.

"Restoring these basic community safeguards will provide regulatory certainty, reduce conflict, and help ensure that projects get built right the first time," CEQ Chair Brenda Mallory said in a statement.

"Patching these holes in the environmental review process will help projects get built faster, be more resilient, and provide greater benefits — to people who live nearby."

In its 2020 NEPA regulatory rewrite, the Trump administration got rid of explicit requirements to consider an action's "indirect" effects — those that happen later on or further removed, but are still reasonably foreseeable.

It also got rid of the explicit requirement to consider its "cumulative" effects, which refers to how a project's pollution may interact with other pollution sources to make some areas particularly polluted.

Critics raised concerns about the impact of this change on communities that already face disproportionate pollution burdens and argued it could hinder the government's ability to consider the effects of climate change.

The Biden administration reaffirmed the need to consider the direct, indirect and cumulative impacts, according to a statement from the CEQ.

The Trump administration also sought to make the process more industry friendly by adding language requiring agencies' "proposed alternatives" to a company's projects to be based on the company's goals.

The Biden administration said that it would instead "give agencies the flexibility to determine the 'purpose and need' of a proposed project based on a variety of factors" and work with both companies and communities to try to minimize environmental harms.

The administration also said that it would establish that the NEPA regulations are "a floor, rather than a ceiling," when it comes to standards for environmental reviews.

NEPA is a more than 50-year-old law that requires the government to consider environmental and community concerns before it approves various types of infrastructure projects, which can also include airports and buildings.

Many industries have pushed for its requirements to be loosened, noting that environmental reviews can take years and slow projects down.

But proponents have argued that strong regulations are important to protect communities from pollution and that weaker reviews open up projects to legal challenges, creating more uncertainty.

The Trump administration made other changes — like setting a two-year time limit for the most stringent type of environmental review, when they typically take about 4 1/2 years — that have not yet been targeted by the Biden administration.

# Biden to Require US-Made Steel, Iron for Infrastructure, AP

The Biden administration is taking a key step toward ensuring that federal dollars will support U.S. manufacturing — issuing requirements for how projects funded by the $1 trillion bipartisan infrastructure package source their construction material.

New guidance issued requires that the material purchased — whether it's for a bridge, a highway, a water pipe or broadband internet — be produced in the U.S. However, the rules also set up a process to waive those requirements in case there are not enough domestic producers or the material costs too much, with the goal of issuing fewer waivers over time as U.S. manufacturing capacity increases.

"There are going to be additional opportunities for good jobs in the manufacturing sector," said Celeste Drake, director of Made in America at the White House Office of Management and Budget.

President Joe Biden hopes to create more jobs, ease supply chain strains and reduce the reliance on China and other nations with interests that diverge from America's. With inflation at a 40-year high ahead of the 2022 midterm elections, he's betting that more domestic production will ultimately reduce price pressures to blunt Republican attacks that his $1.9 trillion coronavirus relief package initially triggered higher prices.

"From Day One, every action I've taken to rebuild our economy has been guided by one principle: Made in America," Biden said Thursday in Greensboro, North Carolina. "It takes a federal government that doesn't just give lip service to buying American but actually takes action."

Biden said that the roughly $700 billion the government devotes annually to procuring goods is supposed to prioritize U.S. suppliers but regulations going back to the 1930s have either been watered down or applied in ways that masked the use of foreign imports.

The administration could not say what percentage of construction material for existing infrastructure projects is U.S.-made, even though the federal government is already spending $350 billion on construction this year. The new guidelines would enable government officials to know how many dollars go to U.S. workers and factories.

Tucked into the bipartisan infrastructure package that became law last November was a requirement that starting on May 14 "none of the funds" allocated to federal agencies for projects may be spent "unless all of the iron, steel, manufactured products, and construction materials used in the project are produced in the United States."

That's according to Monday's 17-page guidance. The guidance includes three standards for these requirements to be waived: if the purchase "would be inconsistent with the public interest"; if the needed materials aren't produced "in sufficient and reasonably available quantities or of a satisfactory quality"; or if U.S. materials increase a project's cost by more than 25%.

American manufacturers are about 170,000 jobs short of the 12.8 million factory jobs held in 2019, as manufacturing jobs began to decline before the pandemic began. But the U.S. has 6.9 million fewer manufacturing jobs compared with the 1979 peak, a loss caused by outsourcing and automation.

Getting more industrial jobs will likely mean adding more factories and assembly lines — as manufacturers are operating at a 78.7% capacity, which the Federal Reserve notes is above the historical average.

# Biden Administration Cancels Alaska Oil and Gas Lease Sale, CBS

The Biden administration has canceled one of the most high-profile oil and gas lease opportunities pending before the Interior Department. The decision, which halts the potential to drill for oil in over 1 million acres in the Cook Inlet in Alaska, comes at a challenging political moment, when gas prices are hitting painful new highs.

In a statement shared first with CBS News, the Department of the Interior cited a "lack of industry interest in leasing in the area" for the decision to "not move forward" with the Cook Inlet lease sale. The department also halted two leases under consideration for the Gulf of Mexico region because of "conflicting court rulings that impacted work on these proposed lease sales."

The Interior Department's Bureau of Ocean Energy Management has previously canceled lease sales in Cook Inlet three times — in 2007, 2008, and 2011 — also citing "lack of industry interest" at the time as the reason for scrapping the sales.

But Alaska Senator Lisa Murkowski, a Republican, released a statement Friday rejecting the administration's contention that there was not much interest from the industry in the lease sale.

"Citing a 'lack of industry interest' is nothing more than fantasy from an administration that shuns U.S. energy production. Cook Inlet is the sole source of the natural gas that more than 400,000 people in Southcentral Alaska—and significant military bases that are critical to our national security—depend on," Senator Murkowski said. "I can say with full certainty, based on conversations as recently as last night, that Alaska's industry does have interest in lease sales in Cook Inlet. To claim otherwise is simply false, not to mention stunningly short-sighted. The Biden administration needs to recognize how this decision is going to hurt Alaskans, reverse it immediately, and get the federal oil and gas program back on track now."

Federal law requires the Department of the Interior to stick to a five-year leasing plan for auctioning offshore leases. The administration had until the end of the current five-year plan — set to expire at the end of next month — to complete these lease sales.

Until now, the White House had remained silent about the massive Alaska lease. However, canceling the sale would be in keeping with political promises President Joe Biden made in the name of halting global warming. But those promises have become a political challenge in the face of prices at the pump.

"They don't want to get hit by the Republicans in light of the high gas prices," one environmental advocate told CBS News, speaking on the condition he not be named because of the sensitivity of the topic. "They're getting killed on attacks based on inflation. The most visible sign of inflation is high gas prices."

# Biden Administration Cancels Alaska Oil and Gas Lease Sale, CBS

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The delicate political situation was evident after a top environmental official showed her hand in an email that copied a CBS News reporter. Gina McCarthy, the White House national climate adviser, wrote that "the Cook inlet sale was canceled. It is not proceeding."

Almost immediately, another White House official jumped in to declare that McCarthy got ahead of herself. Interior Department officials said a final decision had not been made. On Wednesday, though, with time running out, the department made its announcement.

Frank Macchairola, a top official with the American Petroleum Institute, the country's largest oil and gas trade association, called the cancellation of the Cook Inlet lease "another example of the administration's lack of commitment to oil and gas development in the US."

"The President has spoken about the need for additional supplies in the market, but his administration has failed to take action to match that rhetoric," Macchairola said, adding that politically it would play "not well."

"In the kind of price environment that we're seeing, there are negative consequences to shutting off oil and gas development, both politically and practically," he said.

On Wednesday, the national average price of regular gas hit an all-time high of $4.40, according to AAA.

For environmental groups, the decision was welcome news. The Alaska offshore lease arrangement would have opened drilling opportunities over a span of more than 1 million acres for 40 or more years of production. The new activity would have led to new underwater pipelines and platforms in the environmentally-sensitive area.

Drew Caputo, vice president of litigation for lands, wildlife and oceans for the environmental advocacy group Earthjustice, said more than a decade would pass before those leases could have had an impact on gas prices.

Still, any decision that worked against the interests of oil and gas involves political trade-offs. According to a recent CBS News poll, Mr. Biden's approval rating is lowest when it comes to the economy and inflation, with 69% of those surveyed disapproving of his handling of inflation. Sixty-five percent of respondents said they believed the president "could do more" to lower gas prices.

American Petroleum Institute senior vice president Frank Macchiarola said in a statement, "Unfortunately, this is becoming a pattern - the administration talks about the need for more supply and acts to restrict it. As geopolitical volatility and global energy prices continue to rise, we again urge the administration to end the uncertainty and immediately act on a new five-year program for federal offshore leasing."

1532 Pointer Ridge Place, Suite G
Bowie, Maryland 20716

Phone: 301-390-0900
Fax: 301-390-3161
E-mail: rlittlefield2@wmda.net

## 2022 SSDA-AT Officers

| | |
|---|---|
| President: Peter Kischak, New York | 914-589-9161 |
| Vice President: Sal Risalvato, New Jersey | 732-256-9646 |
| Past President: Dave Freitag, Ohio | 419-217-0870 |

For more information on SSDA-AT, please contact::

**Roy Littlefield, IV, Managing Director/ Editor**

rlittlefield2@wmda.net ✦ 301-390-0900 ext. 137